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Weekend

FINANCIAL TIMES

Weekend FT
Mob rule in Japan



Gorillas in the viewfinder



The virtual university



World Business Newspaper WEEKEND MARCH 16/MARCH 17 1996

Rise in US output provides further evidence of growth

US industrial production registered its largest monthly gain in eight years last month, providing further evidence that the economy is gaining momentum. The Federal Reserve said production rose 1.2 per cent after a revised decline of 0.4 per cent in January, when activity was depressed by cold weather. Most analysts had expected an increase of about 0.9 per cent. Page 22 and Lex; Clinton again locks horns with Congress. Page 2

US figures send London stocks down: London stocks looked to be riding out an expected turbulent day which featured a series of monthly futures and options expiries across Europe and in the US until fears of a rise in inflation in the US after strong output figures weakened gilts. In London, the FT-SE 100 index was down 37 points at 3,644.8, almost wiping out Thursday's 41.5 gain. Over the week the index showed a 65.5 point decline. Bonds, Page 10; World stocks, Page 17; London stocks, Page 19; Markets, Weekend FT Page XXII

German warrant for Iranian minister: Germany has been forced to examine its much-criticised role as Iran's biggest trading partner after the German prosecutor issued a warrant for the arrest of Ali Fallahian, the Iranian minister suspected of ordering the 1992 bombing of a Berlin restaurant which killed four Iranian dissidents. Page 2

French move to ban personal stereo noise: French authorities are planning legislation to ban the sale of any personal stereo with a peak output above 100 decibels and have demanded that the units be sold with a non-detachable "health warning" that prolonged listening at high volumes could permanently damage the ears. Page 22

Japan's industrial output flat: The weakness of Japan's economic recovery was underlined by official data showing a sharp rise in household debt last year and stagnant industrial output in January. Page 22; Consumer demand remains weak, Page 8; Mob rule, Weekend FT Page 1

Semtex company wins Royal award: Prince Charles has renewed controversy as it emerged that his main overseas organisation has awarded an environmental prize to the manufacturers of the plastic explosive Semtex. Page 4

China steps up pressure on Taiwan: China is holding a further round of military exercises even closer to Taiwanese territory during the island's presidential election on March 23. Page 3; The thorn in China's side, Page 9

The World Bank board has backed a debt initiative, drawn up with the International Monetary Fund, bringing a comprehensive approach to the debt problems of the world's poorest countries a step closer. Page 3

VW shares jump: Net profits at Volkswagen, the German motor group, rose from DM150m to DM338m (\$228m) last year, prompting a strong rise in the company's shares. Page 5

Sweden pledges crusade for jobs: Sweden's incoming prime minister, Göran Persson, pledged that tackling the country's double-digit unemployment would be his government's priority. Page 2

Minorco, the Luxembourg-quoted subsidiary of the Anglo American Corporation of South Africa, achieved a 60 per cent increase in earnings before tax and exceptional losses to \$655m last year. Page 5

Restructured Wembley reduces loss: The drawing power of some big acts and video lottery fruit machines helped Wembley, the heavily restructured UK stadium and greyhound track operator, cut its deficit sharply last year. Page 6

Einstein manuscript for sale: The first manuscript of Albert Einstein's theory of relativity goes on sale at Sotheby's auction house in New York today with experts predicting that the handwritten 72-page document could sell for between \$4m and \$6m.

Companies in this issue	
AT&T	2 Johnson Cleaners
Adam Opel	5 Leigh Interests
Alco	6 Lucas Inds
Aspen Comm	8 Medisat
BET	5 Meror
BSG International	6 Minorco
Bell Cablenet	6 Mofins
Blue Arrow	6 Mowlem (John)
British Data Mangt	6 Perry
British Telecom	22.1 Pnytopham
Citic Pacific	5 Pentok
Coal Trvs	5 Polte-Royce
Coorscon	5 Saffi
Corporate Services	5 Shvorts
Delmir-Benz	5 Siebe
Dowty Aerospace	6 Sony
Flight Refuelling	6 Swire Pacific
Fokker	22.5 Unitech
GED	22.5 Volkswagen
General Motors	5 Wembley
Grand Metropolitan	6 Yorkshire Water

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New group takes on viable parts of Dutch aircraft maker ■ Over 5,600 jobs lost

Last-ditch talks fail to save Fokker from bankruptcy

By Ronald van de Krol in Amsterdam

Fokker, the 77-year-old aviation company whose aircraft are the industrial pride of the Netherlands, collapsed into bankruptcy yesterday. Last-ditch talks with Samsung of South Korea failed to produce a binding rescue offer. The company's core aircraft-building business will be wound down with the loss of 5,664 jobs - the highest mass redundancy in Dutch corporate history.

Viable parts of the Fokker group, such as aircraft maintenance, defence contracting and aviation electronics, will be transferred to a new holding company, Fokker Aviation.

This will safeguard 1,550 jobs in these sectors and provide work for 950 people dismissed by the main Fokker company.

"The consequences of this bankruptcy are dramatic," Mr Ben van Schaik, management board chairman, said. "This means the end of 77 years of airplane building in the Netherlands." The bankruptcy will also

have serious consequences for suppliers outside the Netherlands such as Short Brothers in Northern Ireland, which builds wings for Fokker's aircraft, and Daimler Benz Aerospace (Dasa) of Germany, which makes fuselages. Since late January, Fokker has held serious discussions about a takeover with Bombardier of Canada, Samsung of South Korea and Aviation Industries of China.

Fokker bankruptcy hits the workforce at Shorts... Page 5
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Bombardier, the parent company of Short Brothers, withdrew from the talks, leaving Samsung as the main contender.

Mr van Schaik and the administrators had phoned and faxed Samsung until the early hours of yesterday, but the effort failed. Bankruptcy then became inevitable because bridging credit provided by the Dutch government ran out yesterday. Mr van Schaik

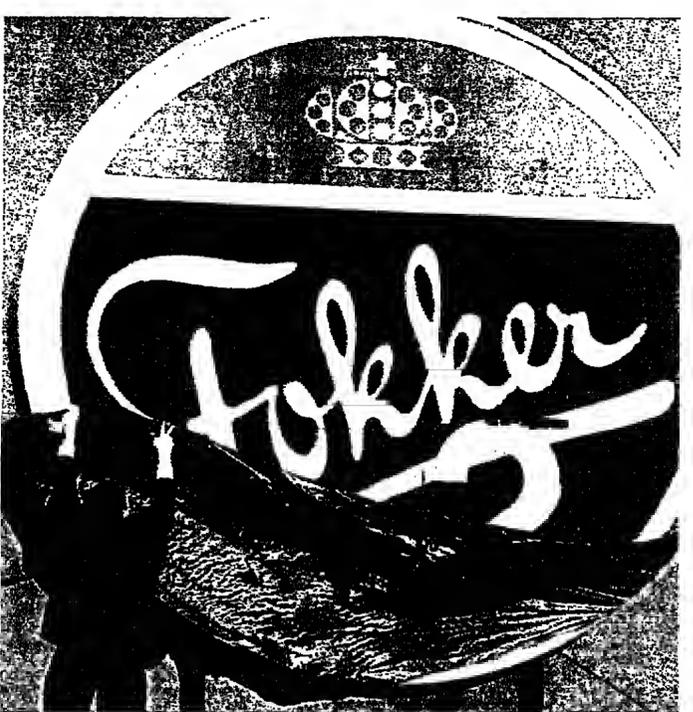
said the difficulty of establishing a leasing company for Fokker aircraft formed one of the main obstacles to reaching agreement with a foreign partner.

Fokker expects to be able to complete the assembly of about 15 aircraft currently under construction at its factory near Amsterdam's Schiphol airport.

Airlines around the world have 1,100 Fokker airplanes in service. "Their safe operation in the future is guaranteed because the necessary technical support will continue to be available," the company said, citing the existence of the new Fokker Aviation.

Mr van Schaik, visibly tired after around-the-clock talks with the government, administrators and potential rescuers, said: "The collapse of this industry is very damaging for the standing of the Netherlands in the world and will not be understood by very many people in the Netherlands - and especially by people outside the Netherlands." Mr Peter

Continued on Page 22



Signing off: a worker covers a Fokker sign at the company's headquarters in Amsterdam yesterday after the Dutch aviation group collapsed into bankruptcy with the loss of 5,664 jobs. Picture: Reuters

Officials break law in campaign to re-elect Yeltsin

By Christy Freeland in Moscow

Russian bureaucrats have been breaking the law in an effort to guarantee President Boris Yeltsin's re-election in June.

Mr Vladimir Davydov, the deputy prosecutor-general, told parliament yesterday that to ensure the Kremlin leader collected the million signatures required to register in the presidential race, some government officials had been illegally pressuring employees to sign pro-Yeltsin nomina-

tions. The accusations, coming from the government's own law enforcement officials, could tarnish the president's effort to present himself as an anti-corruption campaigner and are likely to give the Communists fresh ammunition in their attacks on an administration they describe as criminal and inept.

Election officials said pro-Yeltsin signatures collected in the regions where the violations had been committed were not valid, but the breaches had not disqualified Mr Yeltsin from the race.

"For the Central Electoral Commission these facts are sufficient reason to not accept the signatures we have received from these regions," said Mr Alexander Veshniakov, a CEC official.

"But [electoral law] does not allow us to impose tougher sanctions in response to these violations, such as refusing to register the candidate in question for the elections."

Mr Davydov said the worst offenders were railway officials in the East Siberian and Altai regions. Railway workers were

asked to sign pro-Yeltsin petitions when collecting their pay, and managers were required to give their leaders twice daily reports on the signature drive.

The State Committee for Metallurgy, a government department, was equally zealous, establishing an internal Yeltsin campaign office staffed by senior civil servants. "The leadership of the committee created all the conditions needed to infringe on the voting rights of citizens," Mr Davydov said.

Many analysts have argued

that the support of Russia's vast bureaucratic machine could give Mr Yeltsin a considerable advantage in the June 16 ballot.

But yesterday's revelations suggest that, in contrast with the Soviet era, government officials neither have the right, nor the power, to deliver the vote. Ironically, the Communists, who are front-runners in the presidential contest, may find it easier to run a democratic campaign because of their millions of supporters.

The strong-armed reflexes of his supporters could be embar-

assing for Mr Yeltsin, who is seeking to convince disgruntled voters that he is the best defender of Russia's fragile democracy against the mounting threat of a Communist comeback.

Mr Yeltsin yesterday announced the government Security Council had approved a long-awaited peace plan for Chechnya, the separatist republic where Russia troops have been at war for 15 months. But he refused to give any details.

Treaty annulled, Page 2

BT and Berlusconi may set up Italian telecoms venture

By Hugo Dixon in London and Andrew Hill in Milan

British Telecommunications is in advanced negotiations with Mr Silvio Berlusconi, the Italian politician and media magnate, about forming a joint venture in Italian telecommunications.

As part of the deal under discussion, BT would also acquire a small stake of about 3 per cent in Mediaset, Mr Berlusconi's media company, and might appoint a director to its board.

Initially, the venture would offer telecoms services to business users in competition with Telecom Italia, the state-controlled group. After the market is fully opened to competition in 1998, a full range of services including pay-television and

mobile communications might be offered to residential customers.

BT would bring Alcatel, an existing alliance with Italy's Banca Nazionale del Lavoro, to the venture. Mediaset would contribute its large supply of TV programmes; its TV transmission network would be used to carry telecoms traffic.

BT would pay 1,500bn (\$128m) for a 3 per cent stake in Mediaset if it bought shares at the same price paid by several Italian banks for a stake last December. BT might pay more if it received a seat on the board. Further investment would be needed by the venture for marketing and building infrastructure.

Although BT is aiming to conclude the negotiations in the next few weeks, talks could still

founder. Fininvest, Mediaset's parent company, is also talking to AT&T, the US telephone company, although BT is understood to be the favoured party.

From BT's perspective there are risks in a deal with Mr Berlusconi. Not only is he on trial for allegedly bribing tax police; if he fails to win next month's general election, the proposed venture may be disadvantaged in winning telecoms licences.

An alliance with Mr Berlusconi would also constitute a potential conflict of interest given BT's association with Mr Rupert Murdoch. Mr Murdoch seems set to compete head-on with Mr Berlusconi in pay-TV

Continued on Page 22
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STOCK MARKET INDICES			
FT-SE 100	3,644.8	(-37.0)	
Yield	4.07		
FT-SE Eurotrack 100	4,288.34	(+3.08)	
FT-SE-A All-Share	1,818.18	(+0.79)	
Nikkei	21,190.86	(+257.18)	
New York: lunchtime			
Dow Jones Ind Ave	5,885.70	(-0.36)	
S & P Composite	642.83	(+1.66)	
■ US LUNCHTIME RATES			
Federal Funds	5 1/4%		
3-m Treas Bill: Yld	5.125%		
Long Bond	9 1/2		
Yield	6.737%		
■ NORTH SEA OIL (Argus)			
Brent 16-day (May)	\$18.01	(15.02)	
■ GOLD			
New York Comex(Apr)	\$366.0	(36.5)	
London	\$365.8	(36.1)	
■ LONDON MONEY			
3-mo interbank	6 1/4%	(6 1/4)	
Life long grt fut: Jun 104 1/4		(Jun105 1/2)	
■ STERLING			
New York lunchtime:	1.522		
London:	1.527		
\$	1.5226 (1.5245)		
DM	2.2491 (2.2423)		
FF	7.7096 (7.6556)		
Sfr	1.814 (1.8096)		
Y	181.271 (180.578)		
E Index	83.4 (83.2)		
■ DOLLAR			
New York lunchtime:	DM 1.4726		
FF	5.048		
Sfr	1.1975		
Y	105.805		
DM	1.476 (1.4709)		
FF	5.0776 (5.0417)		
Sfr	1.1905 (1.1864)		
Y	105.80 (105.33)		
S Index	95.7 (95.5)		
Tokyo close	Y 105.65		

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NEWS: INTERNATIONAL

Communist MPs suspected of playing on nostalgia for defunct Soviet Union Treaty disbanding USSR annulled

By Chrystia Freetland in Moscow

The Russian parliament yesterday annulled the treaty which disbanded the Soviet Union, sparking fierce criticism from the Kremlin and leaders of the newly independent states which emerged after the collapse of the USSR.

Mr Hans van den Broek, EU foreign affairs commissioner, arrives in Moscow tomorrow for a two-day trip overshadowed by bilateral tensions over trade and Russia's crackdown in Chechnya, writes Lionel Barber in Brussels.

He is expected to complain about Russia's unilateral moves to restrict imports from the EU of products ranging from textiles to vodka. These measures could jeopardise Russia's goal of joining the World Trade Organisation, according to the European Commission.

challenge from Mr Gennady Zyuganov, leader of the Communist party, in the June presidential election. During his trip Mr van den Broek will discuss the implications of Russia's membership of the Council of Europe, the pace of economic reform, and the EU's planned enlargement to central and eastern Europe. So far EU enlargement has not aroused political opposition in Russia, in contrast to Nato's planned expansion eastwards.

Mr van den Broek will meet key ministers and hold talks with representatives of the national assembly. In earnest, also attacked the parliamentary vote. Mr Leonid Kuchma, president of Ukraine, which is seen as the chief bulwark against Russian expansionism, warned that "one cannot turn back the tide of history" and said that Ukrainians had decided their future more than five years ago, when they overwel-

parliamentary majority to annul the 1991 Belovezhye accord between Russia, Ukraine and Belarus which dissolved the USSR. But calling for the recreation of the Soviet Union could be a double-edged sword for Mr Yeltsin among the leaders of neighbouring countries, who can now be expected to do everything in their power to prevent Communist victory in Russia.

Mr Yeltsin also made a pre-emptive strike against the legislature, telling voters in a television appearance on Thursday that the Belovezhye accord was not responsible for the collapse of the USSR. Instead, he said the country had already begun to disintegrate, and by the time the treaty was signed the collapse was unstoppable.

German warrant for Iran minister

By Michael Lindemann in Bonn

Germany has been forced to examine its much-criticised role as Iran's biggest trading partner after the German public prosecutor issued a warrant for the arrest of Mr Ali Fallahian, the Iranian minister suspected of ordering the 1992 bombing of a Berlin restaurant which killed four Iranian Kurdish dissidents.

A statement from the federal prosecutor's office said an investigating magistrate at the Federal Court of Justice had issued a warrant for the arrest of Mr Fallahian "on suspicion of four counts of murder and of attempted murder".

The warrant - believed to be the first issued against a serving minister of a foreign country - is likely to prompt a review of Germany's relationship with Iran, worth about DM2.3bn (£1bn) in exports last year.

In the year of the bombing, exports stood at DM7.9bn. Germany's role has been heavily criticised by the US, which announced a trade embargo against Tehran early last year on the grounds that Iran was fostering international terrorism.

Officials in Bonn said Mr Fallahian's extradition from Iran was practically impossible, but they said the warrant was "a diplomatic gesture" which Chancellor Helmut Kohl's government had hoped would never be issued.

The prosecutor is reported to have been influenced by Mr Fallahian's call before the bombing for action against Kurdish dissidents.

Matters are likely to become more complicated when a Berlin court issues a verdict on the restaurant bombing, expected next month.

"If it is a guilty verdict, which it almost certainly will be, then you have a position where a German court has accepted a substantive link between the bombing and the activities of the Iranian secret service," a diplomat in Bonn said.

It's difficult to see how normal relations can be continued on this basis. Germany would be forced to do something about the issue "to press for an apology or something else". There would be "enormous pressure" from the US, the diplomat added.

The Frankfurter Allgemeine newspaper reported that two German intelligence agents who have been working officially in Iran had returned on Thursday, another indication that relations are strained.

The Iranian ambassador to Germany, Mr Seyyed Mansourian, has returned to Iran, although it was unclear last night whether his return was connected with the arrest warrant.

Germany has repeatedly argued that it needs to maintain a "critical dialogue" with the Islamic regime in Tehran if there is to be any chance of improving Iranian relations with the western world.

INTERNATIONAL NEWS DIGEST

Fewer AT&T jobs to be cut

AT&T, the US telephone company, has reduced its forecast of enforced redundancies in its latest round of job cuts from 30,000 to 18,000. The dismissals, originally announced in January as part of a total of 40,000, caused a political storm after presidential candidate Pat Buchanan and US labour secretary Robert Reich attacked the company during the presidential primary campaign.

In an apparent response to pressure, the company has this week taken out advertisements to help find jobs for its redundant staff. The company denied the reduced figure was a response to the attacks. The company said: "It's just that the numbers look better than we thought."

AT&T said the original figure had assumed 6,500 employees would take a voluntary severance package, but it now expected 12,000. In addition, AT&T plans to create 5,000-6,000 jobs in the organisation. Tony Jackson, New York

Bosnia army finds purses closed

A conference aimed at raising money for the Bosnian army fell short of expectations, with only two public pledges, amounting to \$100m, towards a military requirement estimated by the country's Muslim leaders at over \$1bn.

The US confirmed its offer of \$90.4m worth of tanks, radios, guns and helicopters, while Turkey promised \$2m worth of training. European Union members, some of which deplored the holding of the conference, made no pledges.

However Mr Strobe Talbott, the US deputy secretary of state, said after the 23-nation meeting that several more countries had promised to provide military aid in future.

The US aid is subject to the successful merger of the Bosnian government and Bosnian-Croat defence efforts. Mr Warren Christopher, the US secretary of state, has invited the leaders of Serbia, Bosnia and Croatia to confer with him about peace prospects in Geneva on Monday. John Barham, Ankara

Warning on KwaZulu-Natal

South African President Nelson Mandela yesterday appealed for political peace in the province of KwaZulu-Natal, warning that "dark and sinister forces" were working to prevent reconciliation.

Mr Mandela was speaking at a meeting with King Goodwill Zwelithini, the Zulu monarch, Chief Mangosuthu Buthezi, leader of the mainly Zulu Inkatha Freedom party, and hundreds of Zulu chiefs. The meeting, held under tight security at the king's palace in Nongoma, had aimed to prepare the way for a larger gathering of Zulu leaders, but no decision was reached.

Although political violence has largely ended in the rest of South Africa since the 1994 general election, tensions and killings have continued in KwaZulu-Natal, fanned by rivalry between the IFP and Mr Mandela's African National Congress. The continuing violence is already casting doubts over whether local elections, postponed from November 1, can go ahead on May 29.

The IFP has refused to return to the Constitutional Assembly, which is in the final stages of drawing up a new constitution. It walked out last year in protest at the refusal of the ANC to abide by its pre-election promise to put Zulu demands on regional autonomy to international mediation. Roger Mathews, Cape Town

Local elections for Nigeria

Nigeria's military regime today takes the first step in its programme for a "transition to democracy" in October 1998 by holding local government elections.

Political parties are excluded from the polls to elect local members and chairmen throughout Nigeria, but elections for the same posts are to be held again on a party basis later this year. The polls are to cost an estimated \$50m (\$6m) and all candidates have to be screened by the authorities.

The government has prepared for the polls with a security clampdown to deter opponents from disruption. The land border with Benin is closed and armed police are on the streets. Under a new military decree it is an offence, punishable by five years in prison, to undermine, prevent, forestall or prejudice the government's political programme or to "misrepresent, accuse or distort the details" of the programme.

Some civilian politicians have criticised the polls as wasteful and undemocratic. A joint action committee of Nigerian democracy and human rights groups is calling for a boycott. The leaders of many of these groups have been arrested in recent months. Paul Adams, Lagos

Iran to hold run-off vote

Iran said yesterday final results of its parliamentary election showed run-off polls were needed to fill almost half of the seats in parliament. State-run Tehran radio said 139 candidates were elected to the 270-member majlis (parliament) in last Friday's poll after receiving one third of all votes cast in their constituencies, and the remaining 131 seats would be filled in run-off elections.

Conservative clerics and rival centrist supporters of President Akbar Hashemi Rafsanjani have both claimed to be leading after the first round of the elections. But newspapers have said the composition of the parliament would only become clear after the run-off elections, and when many successful candidates revealed their political stances.

The run-off elections, in which a simple majority is needed, will be held "at a date to be announced later", the radio quoted the Interior Ministry as saying. Officials had earlier said they would be held on April 19. Reuter, Tehran

Strike squeezes GM harder

Only one of General Motors' assembly lines in the US remained open yesterday, as the company and the United Auto Workers union appeared far from agreement over a 10-day dispute that has crippled a large part of the US's motor industry. A shortage of brake parts, caused by a strike at a GM parts plant in Dayton, Ohio, has brought 24 of the company's US assembly plants to a halt. Thousands of workers in parts plants owned by GM and its suppliers have also been told not to show up for work. Besides the single line still working at Janesville, Wisconsin, the only functioning assembly plants in GM's North American Operations unit are three in Mexico.

Both sides appeared ready to dig in over the strike, over GM's plans to buy more parts from outside suppliers. It is the latest and most serious in a series of disputes which have erupted as GM has sought to expand its production to cope with the cyclical upturn in the US vehicle market. The company, which feasted on the edge of insolvency in the last recession, has sought to handle the stronger demand without hiring extra permanent workers. Richard Waters, New York

Stoppage at Korean TV

A strike called at South Korea's second largest television network, to protest alleged government interference in news coverage, threatened to spread to other broadcasters yesterday.

The trade unions at the state-run Korea Broadcasting System and the smaller Christian Broadcasting System and Education Broadcasting System decided to go on strike if police intervened to stop the labour action at Munhwa Broadcasting Corporation (MBC), which began on Thursday.

The MBC staff is protesting at the re-election of Mr Kang Sung-koo as company president. Although MBC is regarded as more critical of government policy than KBS, the MBC union has accused Mr Kang of using his influence to slant news reports in favour of President Kim Young-sam and the ruling party ahead of crucial general elections next month.

The MBC strike has added to allegations that Mr Kim's civilian administration is pressuring the Korean media, which has been one of the best in Asia since the end of military rule in 1987, to support the government. John Burton, Seoul

Brussels probes shipyard order

By Emma Tucker in Brussels and Judy Dempsey in Berlin

A \$700m order to build two luxury cruise ships, recently secured by Meyer Werft, the German family-owned shipyard, is under investigation by the European Commission, which believes it may have broken state aid rules.

The probe was triggered by a complaint from the Norwegian-owned Kvaerner Masa Yards, Finland's most important shipyard. It believes the German bid to construct two 75,000 tonne ships for Star Cruise, a subsidiary of Singapore-based Genting International, was made more attractive by state aid worth up to 6 per cent of the offer.

But yesterday Meyer said it had not received one penny of state aid, even though it had applied for government subsidies four months ago, after winning the order. Its application for a subsidy was anyway well below the ceiling under EU shipbuilding rules. These rules, which are in the process of being phased out, state that the ceiling on state aid for shipbuilders is 9 per cent of the contract value for large vessels.

However, the Finnish government points out that these rules also state that if solely EU companies are bidding, then the company with the lowest level of state aid sets the limit for the other bidders - in this case none.

Meyer said it feared pressure from the Finnish government and the Commission was related to the Bremer Vulkan crisis, in which Germany's largest shipbuilding group misappropriated more than DM1720m (\$486m) of state backed guarantees agreed by the Commission in 1992.

The Finnish government said it was complaining because its shipyard - privatised two years ago and now making a profit - had not received any state aid. It had threatened to take the matter to the European Court of Justice. This could have led to the reopening of the bidding process.

An agreement within the Organisation for Economic Co-operation and Development to end shipbuilding subsidies, which was due to come into force in January, has been held up by delays in ratifying the accord by some of the signatories. It is due to come into effect by July at the latest, and will supersede the EU's existing shipbuilding regime.

THE FINANCIAL TIMES Published by The Financial Times (Europe) GmbH, Norddeutsche Platz 3, 69121 Frankfurt am Main, Germany. Telephone +49 69 150 150. Fax +49 69 69 90 421. Registered in Frankfurt by J. Walter Brandt, Wilhelm J. Brandt, Colin A. Kennard as Co-publishers and in London by David C. M. Bell, Chairman, and Alan C. Miller, Deputy, Chairman, Shareholders of the Financial Times (Europe) Ltd, London and F.T. Germany Advertising Ltd, London. Shareholder of the above mentioned companies is The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

GERMANY: Responsible for Advertising: Colin A. Kennard. Printer: Heryel International Verlagsgesellschaft mbH, Adminal-Rosenhof, Schwanen-Platz 1, 10119 Berlin. ISSN 0950-0804. © 1996. Responsible Editor: Richard Lambert. No. 60 The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

FRANCE: Responsible Director: P. Maravaglia, 42 Rue La Boétie, 75008 PARIS. Telephone 01 576 3254. Fax 01 576 3251. Printer: S.A. Nord Editeur, 1521 Rue de Courbevoie, 92010 Nanterre Cedex. Editor: Richard Lambert. No. 60 The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

SWEDEN: Responsible Publisher: Huch Carney 466 018 0085. Printer: AB Kvalitetstryckeriet, Expressen, PO Box 6607, S-250 06, Malmö. © The Financial Times Limited 1996. No. 60 The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.

Dutch football looks to its future - and sees custard

Simon Kuper on a merchandising drive as transfer profits fall away

Ajax Amsterdam used to sell soccer players. By grooming stars from their pre-teens, and transferring them to southern European sides at their peak, it made €150m (£20m) in the last five years alone.

But a European court decision late last year abolished cross-border football transfers. So this month the club switched to selling Ajax *vla*, its version of the traditional Dutch custard.

This year it hopes to shift 3m cartons of the stuff, which is coloured in the club's famous red and white. The *vla* is one prong in Ajax's bid to compensate for the loss of income from transfers. Edgar Davids and Michael Reiziger, stars whose contracts expire this summer, are now deciding whether to leave Amsterdam. If they go, Ajax will receive not a cent even though both players have been at the club since their early teens.

To persuade them to stay, Ajax would have to raise their salaries substantially. But Mr Maarten Oldenhof, finance director, admits the club cannot compete with top English or Italian wages, particularly given the strict Dutch tax climate.

The clubs expected to benefit from the European court judgment are those which are net buyers of players, such as AC Milan or Manchester United, as they will no longer have to pay huge transfer fees. United's stock rose on the day of the judgment.

Yet despite the abolition of transfers, Ajax believes it will prosper financially. It is richer than ever after earning €130m from winning last year's European Champions' League.

It has also learned from looking across the Channel. While the rest of Europe watches Ajax for ideas on training young players, the Amsterdam businessmen who sit on the club's board look to Manchester United for merchandising ideas. United has tripled its turnover to €50m over the last five years, largely thanks to merchandising.

Fans buy club credit cards, endless new strips, and duvet covers featuring Ryan Giggs, United's star winger. Ajax's income from merchandising is now just €12m, but Mr Oldenhof expects the figure to hit €10m soon.

Already fans have a choice of 400 Ajax-linked items, from *vla* to aftershave and the club's strip. "When I go to a match in England, all the fans are wearing shirts of their teams. That's not the case yet here," says Mr Oldenhof. ABN Amro Bank, whose name appears on Ajax shirts, is offering customers an "Ajax account", with an autographed football thrown in.

But as the club transforms its financial base, a new stadium taking shape outside the Dutch capital will be as important as any *vla*. The Amsterdam Arena, which will be ready this summer, will be the first football ground in Europe with a sliding roof and a car-park beneath the pitch.



Edgar Davids: Ajax's 52,000-seat stadium may entice him to stay

Davids and Reiziger will probably stay in Amsterdam at least for another season, as both want to experience the 52,000-seat Arena.

Ajax's present stadium, De Meer, accommodates just 20,000. The move to the Arena will double the club's budget to €160m a year, says Mr Oldenhof. Not only is the ground sold out for the first season, with another 12,000 people on a waiting list, but it also offers more space than De Meer to corporate customers.

It contains 1,400 plush "business seats", seven times more than De Meer, each costing €16,000 a season, and 540 "sky boxes", costing €12,500 a chair annually and typically hired by large companies to entertain clients.

The ground will help Ajax remain in the European elite even when its players start leaving for free. The club has no plans to dismantle its legendary youth coaching scheme, which costs around €1.8m a year, but will offer promising youngsters long-term contracts, so that if

they later break the contract to move south the club can charge a fee. One big transfer a decade would by itself finance the youth scheme.

But Mr Oldenhof admits that offering teenagers long contracts entails signing some who will fail to make the grade. The very best players will also refuse to tie themselves down.

The club's immediate task is to win the Dutch league again. On Wednesday it returned to what it considers its rightful place at the top of the table, overtaking PSV Eindhoven, a club that began life as the works team of Philips and is still closely tied to the Dutch electronics company.

Next Sunday's match against Feyenoord Rotterdam, its ancient rival, is crucial. But the match could have a special edge: Feyenoord too has launched a *vla*, also in red and white, and consumers report it tastes very like Ajax's. This could be a custard battle to remember.

Additional research by Rainer Slaughter

Sweden's incoming premier warns against unrealistic policies

Persson pledges crusade for jobs

By Hugh Carney in Stockholm

Mr Göran Persson, Sweden's incoming prime minister, pledged yesterday that fighting the country's double-digit unemployment would be his top priority for his government. But he warned leftwingers in his ruling Social Democratic party that it could not be done at the expense of fragile public finances.

Speaking shortly before he was formally elected as party leader to succeed Mr Ingvar Carlsson, the outgoing premier, Mr Persson reiterated an earlier promise to halve unemployment by the turn of the century.

"Fighting unemployment is not just a question of policy for us - it is a matter of deep ideological commitment," he told a special SDP congress, called to elect the new leader and set policy guidelines. Mr Persson's pledge was clearly aimed at quelling strong grassroots protests at the congress that, as finance minister over the past 18 months, he had put painful budget measures ahead of the fight against unemployment.

The congress last night initially rejected a section of draft policy proposals after the party

leadership declared it was not possible to expand the public sector or raise taxes. But the matter awaits a final vote tomorrow.

Total unemployment now tops 12 per cent of the work force - compared with less than 5 per cent in 1990. Mr Persson has already said core unemployment, running at almost 8 per cent, can be halved by the end of the decade, partly through a big increase in adult education schemes.

But he added: "To beat up the economy to create employment would be a pyrrhic victory. It would only lead back to

a wage and inflation spiral and worsen state finances." Mr Persson was unchallenged as the party's candidate to succeed Mr Carlsson, who is retiring after 10 years as SDP leader. He is due to be confirmed as prime minister by a vote in parliament on Thursday.

Both men played down fears of a split emerging at the three-day congress between the party leadership, which broadly favours market-oriented policy reforms, and so-called traditionalists campaigning for higher taxes, welfare benefits and more public spending.

Clinton again locks horns with Congress

By Jurek Martin in Washington

The Republican-controlled Congress and the Clinton administration are again locked in a legislative battle over the budget, the federal debt ceiling and the authority of the president to veto spending items.

Late on Thursday night the Senate joined the House of Representatives in passing a bill funding the government for another week. This is the 12th temporary extension since October and avoids what would have been the third par-

tial shutdown of federal offices. It leaves another week for negotiations over spending authority for the rest of the fiscal year, which ends in September.

President Bill Clinton has threatened to veto any bill that does not restore about \$8bn (£5.2bn) of cuts the Republicans want to make.

However, the radical class of Republican first-term representatives have again expressed their displeasure with their party leadership's willingness to compromise over the budget. An apparent breakthrough

was achieved, at the instigation of Senator Bob Dole, the majority leader, over the long-stalled line item veto. This gives the president the authority to strike out offending items in any broad piece of legislation without being obliged, as at present, to veto the entire bill.

Different versions of the line item veto, a cardinal point in the 1994 Contract with America Republican election manifesto, passed both houses a year ago, to applause from Mr Clinton. But Republicans then had second thoughts about vesting greater budgetary

power in the hands of a Democratic president.

The agreement by the Republican leadership to put the bill back on the calendar far from guarantees its passage.

But to be decided are conditions that might be attached to it. These could include a longer-term extension of the \$4,900bn federal debt ceiling, now threatened with another breach at the end of this month, or other items on the Republican agenda that remain unpassed.

Another significant, but non-budgetary, battle has now



Göran Persson: commitment

been joined over the immigration bill.

The Senate Judiciary committee rebuffed the bill's author, Senator Alan Simpson of Wyoming, by voting to split the omnibus bill into two, covering legal and illegal aliens.

This was a victory for US business, concerned that the proposed reduction in the quota for skilled immigrants would deny access to the international talent pool.

But the administration still believes US workers are being displaced by cheaper foreign labour and it may fight aspects of the legislation.

NEWS: INTERNATIONAL

Japanese may join derivatives pact later

By Richard Lapper in Boca Raton, Florida

International derivatives exchanges and regulators are hoping their Japanese colleagues will eventually sign an information sharing agreement announced yesterday.

Some 49 exchanges and clearing houses and 14 regulators signed the accords, which are designed to increase transparency in international derivatives markets and reduce systemic risk.

But neither the Japanese supervisory authorities nor futures exchanges are yet party to the agreements which follow initiatives prompted by the Barings crisis last year. Barings collapsed after losing more than \$800m having built up exposures on exchanges in Singapore and Osaka in Japan.

Executives said regulatory obstacles had prevented the Japanese from signing either the regulators or industry agreements. Supervisors from a number of other jurisdictions, including Switzerland, as well as some other exchanges, have also still to sign.

"Some exchanges are prohibited by local regulation from entering into any information sharing agreement and are working to amend these regulations. It is anticipated that more exchanges and clearing houses will sign the document as conditions change," said the US Futures Industries Association.

Mr Michael Philipp, chairman of the FIA's global task force which co-ordinated the industry initiative, said the Japanese exchanges had provided funding for the task force and had participated in its work. Japanese exchanges supported information sharing and had given out information in the past after obtaining permission from supervisors.

Ms Kathryn Meyer, another task force member, said the Japanese exchanges "expect to be able to sign sometime in the future. We know they are actively working on commercial considerations."

Beijing to hold more live-fire military exercises close to Taiwanese-held islands

China steps up the pressure on Taiwan

By Tony Walker in Beijing and Laura Tyson in Taipei

China is to hold a further round of military exercises even closer to Taiwanese territory during the island's presidential election on March 23.

The official Xinhua news agency said new live-fire exercises would be held at the northern end of the Taiwan Strait. It warned shipping and aircraft to stay clear from



March 18-25. Similar exercises at the southern end of the strait will continue until March 20.

Beijing, which regards Taiwan as a rebel-held province eventually to be recovered, has said it is attempting to frighten Taiwanese from cherishing any dreams of independence. Chinese media yesterday renewed warnings that Beijing would be uncompromising in its opposition to independence moves on Taiwan. "We should never allow one single inch of land to be split from our motherland's territory," said a bellicose commentary published jointly by People's Daily, the Communist party newspaper, and People's Liberation Army Daily.

The announcement of new war games came on the day that China concluded missile tests into waters off Taiwan's main ports - Keelung in the north and Keelung in the south. It has fired four M-9 intermediate range missiles since March 8.

Chinese television last night led its main news bulletins with triumphalist coverage of

the missile launchings complete with vivid footage of the projectiles blasting off from hilly launch sites.

The People's Daily editorial continued to criticise President Lee Teng-hui of Taiwan accusing him of "stubbornly sticking to his stance of Taiwan independence."

"We should never be indifferent to the increasingly rampant muddly stream of the Taiwan independence or let it move along," the editorial said.

The editorial also advised "some foreign meddlers not to interfere in China's internal affairs." Beijing has been angered by Washington's support for Taiwan.

Tensions in Taiwan appeared to be easing despite yesterday's announcement. Taipei share prices continued to rise yesterday, finishing up 1.74 per cent, partly due to government support but also due to revived investor confidence.



Pierre Sane, Amnesty International secretary-general, in Hong Kong yesterday to launch a report on human rights in China. He said Beijing was treating Taiwanese with the same intolerance it showed to dissidents at home.

mainland and to protest at China's military exercises. This round of manoeuvres will be just 18.5km (10 nautical miles) from the heavily fortified island of Matsu.

Man in the News, Page 9

APEC FINANCE MINISTERS' MEETING

Central banks may try to fight currency swings

By William Dawkins in Tokyo

Pacific rim governments are expected to encourage greater central bank co-ordination to combat exchange rate volatility in a region representing half the world economy, at a meeting of finance ministers tomorrow in Kyoto, Japan.

The US, Japan and Australia hope to use the meeting of the 18 members of the Asia Pacific Economic Co-operation forum to give impetus to greater currency co-operation among their central banks, according to officials and diplomats in Tokyo. Asian governments, alarmed by last spring's yen-dollar currency crisis, are said to welcome the prospect.

Apec members are not planning to announce concrete measures at Kyoto, but may issue a general pledge of co-operation, said Japanese finance ministry officials. Mr Robert Rubin, the US treasury secretary, called on fellow Apec finance ministers, before departing for Japan, to "deepen our understanding in Apec of the forces acting on exchange rates and their effects so we can work in concert in future."

Currency co-operation between Asian governments has increased over the past year in response to the drop in the dollar's value, to a record 78.75 against the yen in mid-April. It threatened serious financial strain on Asian governments and companies with yen debts and nearly choked Japan's still fragile economic recovery. The US currency has since risen nearly 25 per cent, but the experience has left governments in the region eager to reduce the risk of a recurrence developing into a Mexican-style capital crisis.

Last November the central banks of Australia, Hong Kong, Indonesia, Malaysia and Thailand agreed to lend one another foreign reserves if needed for market intervention. The Japanese foreign

ministry has said it is interested in that accord. Some officials have suggested expanding it to embrace the US and other Asian neighbours, a possibility which may be discussed at the meeting.

In another increase of currency co-ordination, the Bank of Japan last month asked Hong Kong and Singaporean monetary authorities to intervene in foreign exchange markets on its behalf, an extension of an existing pact with Australia. There may be discussion of an Australian idea for an Asian forum of central banks, modelled on the Basle-based Bank for International Settlements.

Also on the finance ministers' agenda is a discussion on how better to use the region's financial markets to channel infrastructure investment to emerging Asian economies. A proposal for a mixed public and private sector fund, led by Japan, to invest in Asian infrastructure projects, is expected to be aired.

Tension between China and Taiwan will be an issue in the sidelines of the meeting. Both finance ministers are planning to be there, the first high-level political contact between them since China started missile tests close to Taiwan last week.

Mr Rubin plans to meet Mr Liu Zhongli, his Chinese counterpart, to discuss China's bid for membership of the World Trade Organisation and US concern over alleged infringement of intellectual property rights. Despite US concern over China's military trials, officials in Tokyo say Washington is keen to continue engaging China in the world economy, a process helped by Beijing's participation in Apec.

Apec includes Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Korea, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan, Thailand and the US.

Comprehensive approach to problems of world's poorest nations come a step closer

World Bank board backs debt initiative

By Michael Holman

The World Bank board has backed a debt initiative, drawn up with the International Monetary Fund (IMF), bringing a comprehensive approach to the debt problems of the world's poorest countries a step closer.

The IMF board will consider the proposal next Wednesday.

Mr James Wolfensohn, president of the Bank, said the board saw the proposal as "an important and comprehensive step in the right direction".

per cent of outstanding poor country debt.

If the proposal wins the backing of the IMF directors, the two institutions will prepare a further joint document. This would be the basis for discussion with the development committee, said Mr Wolfensohn. He cautioned that "many important aspects will need to be explored and evaluated in partnership with our colleagues in the IMF".

A number of features of the proposal need elaboration, say observers, while some elements of the plan have been criticised by the British charity, Oxfam, and other non-government organisations.

Although the IMF has indicated its role will be based on the use of an extended structural adjustment facility as flexible as possible, and on concessional terms, Oxfam has argued that a radical review of the Fund's role in African's development crisis is required.

Oxfam is especially critical of the six-year time scale of the two-phase debt relief programme. Although Uganda and Bolivia already have the required track record of sustained reform that is a condition of eligibility, most of the other countries for which the scheme is designed will have a long wait.

The United Nations yesterday launched a \$25bn programme for Africa over the next decade, the latest in a series of initiatives over the years.

In a live television link from Geneva to Ethiopia's capital Addis Ababa, Mr Boutros Boutros-Ghali, the UN secretary-general, said it was a chance for the international community to show its commitment to a continent that was a constant preoccupation for everyone.

"Now is the time for the United Nations and international community as a whole to stand together with Africa," he said. "Now is the time for us to forge a new partnership."

Much of the \$25bn projected for the initiative will be redirected from existing sources

rather than new money, and will attempt to focus assistance on such sectors as education, health, governance, food security, water and sanitation, peace-building, employment and information.

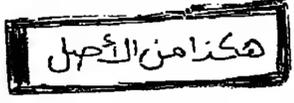
Mr George Saitoti, the Kenyan vice-president, said that a solution had to be found to Africa's debt burden, estimating that the continent's total debt is \$318bn, equivalent to 234 per cent of its total annual export income.

Fifty-four per cent of Africa's population is estimated to live in absolute poverty and Africa is the only region in the world where poverty is expected to increase in the next decade.

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COMPANIES AND FINANCE

Fokker bankruptcy hits Shorts workforce

By John Murray Brown

Shorts, the Belfast-based aircraft manufacturer, sent about 700 workers home yesterday morning on full pay, in response to news of the bankruptcy of Fokker, the Dutch-based aerospace company.

Daimler-Benz unit and Rolls-Royce among victims of the collapse

The other UK company which will suffer significantly as a result of Fokker's collapse is Rolls-Royce, which each year supplies between 60 and 80 of its Tay engines for the Dutch jet, writes Bernard Gray.

Fokker's business is worth about \$150m a year to Rolls, and generates between around \$2m and \$10m (\$7.6m-\$15.2m) of profits for the company, according to City analysts.

and seats for Fokker. However, for each of the companies the Fokker contract represents a small proportion of total work, and is unlikely to have a substantial impact on their overall performance.

Much of the electronics and avionics for the aircraft come from several big US electronics groups and also does not represent a significant proportion of their turnover.

Ironically, one of the other European aerospace companies likely to suffer most from the shutdown is Daimler-Benz Aerospace, the aircraft division of Daimler-Benz which owned the majority of Fokker's shares and cut the company's lifetime six weeks ago.

be the 500 temporary workers, many of them coming to the end of six-month contracts. On Thursday the company announced that 100 temporary staff on the Fokker line had been laid off.

Fokker is Shorts' third-largest division. The impact will be considerable, but the company's business with Fokker today accounts for 20 per cent of the \$400m (\$610m) turnover, compared with around 40 per cent at the time of privatisation in 1988, when it was bought by Bombardier, the Canadian industrial group.

Shorts has agreements with Bombardier, its parent company, worth about \$90m a year, including the Lear jet 45, and parts for the New Global Express, long-haul business jet, which is expected to be in production in 1997.

On the defence side, which accounts for 25 per cent of turnover, Shorts is bidding with British Aerospace on the Nimrod 2000 maritime patrol aircraft project and separately is linked with Texas Instruments of the US for two bomb programmes - the 1236 Casom and 1238 air launched armour weapon.

The first to go are likely to be the 500 temporary workers, many of them coming to the end of six-month contracts.

Swire denies resignations signal a rift with Citic

By John Riddling in Hong Kong

Swire Pacific, the Hong Kong conglomerate, yesterday announced a 16 per cent increase in net profits for 1995 and dismissed speculation about a breach with Citic Pacific, its China-backed partner.

Revealing net profits of HK\$6.45bn (\$834m) for last year, Mr Peter Sutch, chairman, said the relationship with Citic remained "extremely solid".

Reports of a rift had been prompted by this week's surprise resignation of Citic's chairman and chief executive from the board of Cathay Pacific, the Hong Kong-based carrier and a Swire subsidiary.

The increase at the net level was driven by a strong performance from Cathay Pacific, which saw profits rise by about

25 per cent, and an increased contribution from property activities. Sales rose from HK\$47.63bn to HK\$53.66bn, while operating profits climbed from HK\$3.16bn to HK\$3.36bn.

The results, which were at the lower end of analysts' forecasts, were seen as a relief, rather than spectacular. Mr Mike Warren, conglomerate analyst at W.I. Carr, forecast a slower rate of growth this year, with net profits of HK\$7.07bn, but a stronger increase in 1997.

Mr Sutch said Swire Pacific, controlled by the UK's Swire family, would continue to invest significant sums in its businesses in Hong Kong, China and Taiwan.

The Swire chairman referred to the improved outlook for the Hong Kong property market. However, the timing of sales from its developments meant profits would be lower than those for the past two years.

In 1995, operating profits from property trading rose from HK\$1.34bn to HK\$1.49bn, while profits from property

investment increased from HK\$2.38bn to HK\$3.06bn. The aviation division retained the biggest source of profits, with airline services and catering raising operating results from HK\$3.16bn to HK\$3.77bn.

Mr Sutch was optimistic about the prospects for Hong Kong's aviation sector, despite the threat of increased competition and the possibility that CNAC, the mainland carrier, will be granted a licence to operate from Hong Kong.

Cathay Pacific has been holding negotiations with Citic and CNAC about the possible sale of a stake in Dragon Air, the Hong Kong-based carrier jointly owned by Cathay and its mainland partner. However, analysts believe that CNAC, a subsidiary of China's civil aviation authority, is seeking to establish its own carrier.

Roughly in line with the increase at the net level, dividends per A share were increased from HK\$1.39 to HK\$1.59. Earnings per share were HK\$4.07, compared with HK\$3.50 in 1994.

Symbolic setting for the end of a legend

Ronald van de Krol reports how once-proud Fokker became another museum piece

Fokker could not have chosen a more poignant venue to announce its demise. The setting - an aviation museum called Aviodome in the grounds of Amsterdam's Schiphol airport - neatly symbolised the passing of a once-proud aviation pioneer into industrial history.



Ronald van de Krol: All-night talks failed to save Fokker

As Mr Ben van Schaik, the company's management board chairman, left the press conference pursued by journalists and camera crews, he came within three metres of a full-scale Fokker Spider.

This delicate, one-man aircraft was used by 21-year-old Anthony Fokker to fly over the Dutch town of Haarlem in 1911, sparking the country's enduring fascination with the Fokker company and giving the Netherlands an aviation legend to compete with the likes of Messerschmitt, De Havilland and Bleriot.

Mr van Schaik was up all night trying to rescue Fokker from the declaration of bankruptcy which became unavoidable early yesterday morning. A disappointing final fax from Samsung of Korea, the strongest contender to keep the company afloat, arrived at

in a new holding company called Fokker Aviation, the company's role as a builder of aircraft was now ended.

This sense of defeat was all the more frustrating, Mr van Schaik said, because not one customer had cancelled an order during the seven-week struggle to avoid bankruptcy - a common occurrence when a company is under protection from creditors. "Even in the final days of Fokker's existence, customers were getting in touch and wanting to talk about future purchases," he said.

He also disclosed at the press conference that, earlier this week, important suppliers such as Rolls-Royce, the British engine maker, Short Brothers of Northern Ireland, the manufacturer of wings for Fokker aircraft, and Deutsche Aerospace, the company's big German shareholder, had all made price concessions designed to help the business survive.

Fokker officials would not be drawn on precisely why take-over talks with Bombardier of Canada, Samsung of South Korea and Aviation Industries of China ultimately failed. But Mr van Schaik cited general

factors, such as the level of expected state support from the Dutch government and differing views on prices and "synergies".

Another obvious difficulty was the lack of a leasing-company vehicle for the planes. Mr Rutger Schimmelpenninck, one of three court-appointed receivers at Fokker, said: "Nowadays, 70 per cent of civilian aircraft are not paid for in cash but are hired or leased."

In the past the company has blamed its problems and heavy losses on the strength of the guilders and the malaise in the aviation industry.

But Mr van Schaik, when asked about Fokker's own contribution to its predicament, said: "In retrospect, it should have started cutting back production capacity, and production itself, earlier."

Efforts to get suppliers to lower their prices should also have been made much earlier.

His analysis is now moot. By the end today, 5,664 employees at Fokker, including Mr van Schaik, will have been visited at their homes by couriers delivering letters of dismissal.

Rescue plan for Coal Investments' Coventry pit

By David Lascelles, Resources Editor

A £30m-£50m rescue plan for the Coventry coal mine belonging to insolvent Coal Investments has been put together by administrators Arthur Andersen.

They believe it could extend the mine's life by at least 13 years and turn it into a producer of some 2m tonnes a year. Without further investment, current seams will be exhausted in the next few weeks.

In a letter to the mine's employees, the administrators say that although the redevelopment could take two and a half years, they believe the mine could become "very profitable once full scale production commences".

As for the potential sources of finance for the redevelopment, the administrators say that their plan "could be very attractive to an outside investor with the necessary funding. A number of companies have already shown serious interest in the Coventry mine. Now that we have a proper long-term plan for the mine we hope to meet them all over the next few weeks".

The plan involves driving two roadways through existing seams to reach the major seams, which are among the thickest in Europe. An alternative plan to sink a new shaft has been dismissed as too expensive. The plan would initially involve 200 people, rising to 300 when full production started.

Of the remaining five pits belonging to Coal Investments, management buy-outs have been proposed at Silverdale and Annesley Bentinck, the two in the strongest financial condition. The future of the other two pits, at Hem Heath and Markham Main, is still being considered. An anthracite mine at Cwmwili near Swansea may be sold off separately to local interests.

Cookson buys US plastics group

By David Wighton

Cookson, the international industrial materials group, is paying \$57m for a US-based structural foam plastics manufacturer, emphasising its commitment to developing its plastics division.

Engineered Polymers Corporation is the pioneer and US market leader in the manufacture of plastic pallets, a business in which Cookson already has a presence through its Loudon Plastics subsidiary.

The deal will give Cookson a 25 per cent share of the US market, which is growing at between 30 and 40 per cent a year as users switch from wood to plastic.

Mr Richard Oster, chief executive, said: "We have high expectations for the combined

operation, particularly in view of the global growth potential of the plastic pallets business."

Some analysts have expressed doubts on whether much of Cookson's plastics division has a long-term future in the group. In particular, they have questioned if many of the businesses have the technological leadership and scope for the globalisation which Cookson seeks.

Mr Oster insisted that the combination of EPC and Loudon have both.

In November, Loudon opened a plant in the UK to supply the emerging European market, which has just landed its first sizeable contract, with Heinz EPC, exporting from the US, is close to gaining business with large drinks manufacturers.

Mr Dominick DeMichele, who runs Cookson's speciality mouldings businesses, is looking at joint ventures or start-ups in South America and Asia.

He said the combined business could double sales and profits over the next three years against a background of a US plastic pallet market predicted to grow from \$150m (\$58m) last year to \$500m in 2000.

Mr Oster said the EPC deal epitomises the reshaping of Cookson's plastics operations over the last three years. "We have sold businesses for about £100m and spent roughly the same on acquisitions."

In addition to EPC, it paid \$40m last year for Tolaram, a US fibre manufacturer.

Cookson is buying EPC for roughly the same amount it

received last year for Synthetic Products, a plastic additives business. While the two companies have similar profits at the moment, Mr Oster said that EPC is growing much faster and has greater scope for globalisation.

EPC made an operating profit of \$9.5m (\$3.3m) on sales of \$97m in the year to December.

In addition to fibres and mouldings, Cookson's plastics division includes telecommunications products and plastic additives businesses. While there is some doubt whether the remaining additives businesses have a long-term future in Cookson, Mr Oster insisted that telecommunications products fit the group's criteria and the search is on for acquisitions.

Phytopharm to float next month

By Motoko Fish

Phytopharm, which makes drugs from plants, is to float on the stock market via a placing next month.

The group, which takes plant-based medicines from non-western cultures and formulates them for prescription use, is expected to raise £12m-£15m of new money. It is aiming for a flotation value of £60m.

Phytopharm, founded in 1989, seeks out medicines which have demonstrated their efficacy in their indigenous cultures for diseases which are not well treated in western countries.

It applies clinical tests to the drugs, which it then develops into "pharmaceutically acceptable" forms. Mr Richard Dixey, chief executive, said: "Most traditional medicines are administered in teas at home. We have to make them into pills or capsules."

It developed its leading product, ZemaPhyte, from a Chinese herbal medicine used to treat severe eczema. The group is also developing forms of

herbal medicines from Russia, India and North Africa.

Unlike other pharmaceutical or biotechnology companies which make drugs from plants, Phytopharm initially does not purify the traditional medicines into single chemical entities which must be tested for efficacy. "We do not take the drugs apart to see what makes them tick," said Mr Dixey. "We do early safety checks and establish efficacy in man."

This method means the company knows the drug works when it begins development, unlike biotechnology companies, which prove a drug's efficacy at the end of the development process.

Once the drugs receive regulatory approval, the group can develop purified options or even semi-synthetic medicines based on the same principles.

In the year to August 1995, pre-tax profits were £219,000 from sales of £1.1m, largely derived from licensing fees for ZemaPhyte from Fisons, the pharmaceutical company.

Restructuring costs put Mowlem in red

By Andrew Taylor, Construction Correspondent

The cost to John Mowlem of selling the loss-making London City Airport and substantially reshaping its construction businesses resulted in £30m pre-tax losses for 1995, against profits of £4.8m.

The market was cheered, however, by a 12 per cent rise in operating profits to £21.8m in the core businesses. The shares rose 3 1/2p to 77 1/2p.

The group was plunged into losses by provisions and costs totally £23.7m for disposing of non-core activities and a £5.8m loss on the sale of the airport. That was offset by releasing £11.7m of earlier provisions.

There was also a £14m charge for the settlement of a long-running legal battle over the Carlton Gate housing development in west London.

The costs follow the decision to sell or close underperforming subsidiaries, including Semme, the French scaffolding operation and BauTec, the German construction business. It also has cut its engineering projects division.

Mr John Gains, chief executive, said £2m has been taken out of group annual overheads.

Civil engineering and building contracting, the largest division saw operating profits fall to just £300,000 (£3.3m) on increased turnover of £967m (£906m). The main profit generator was construction access and services division with £13.4m (£10m) on turnover of £239m (£213m).

COMMENT Mowlem has been working hard to get back into shape. Non-performing businesses have been shed while a 12 per cent fall in construction orders emphasises that management is genuine when it says it will no longer take excessively low margin contracts. The balance sheet has been repaired with net debt of £9.8m, representing gearing of less than 6 per cent. Pre-tax profits of £15.5m put the shares on a prospective price of less than 10. That looks cheap, provided investors are prepared to forget the group's disastrous record in recent years and give new management the benefit of the doubt.

Minorco sees further gains following 60% rise for year

By Kenneth Gooding, Mining Correspondent

Minorco, the Luxembourg quoted subsidiary of the Anglo American Corporation of South Africa, achieved a 60 per cent increase in earnings before tax and exceptional items to US\$665m last year and Mr Hank Slack, chief executive, said the outlook for 1996 was good.

Although there had been global economic weakness so far this year, volume sales in all operations had increased, he said. "We will see an increase in operating earnings in 1996."

The group's operating earnings doubled from \$296m to \$599m last year, helped by a rise in volume sales, contributing \$23m, increased prices, bringing an extra \$206m, and \$172m from acquisitions.

Net earnings before exceptional items, which Mr Slack said was the best reflection of Minorco's underlying performance, increased 51 per cent to \$365m. Net earnings jumped from \$81m to \$365m.

The dividend payment is being lifted by 11 per cent to 63 cents a share.

All but the industrial minerals operations improved their operating profits last year. The

gold business moved from a \$200,000 loss to a profit of \$34.6m.

However, the star performer was the Terra agribusiness in the US with a 159 per cent increase in operating earnings to \$387.1m. Last year, it accounted for two-thirds of Minorco's operating earnings.

Mr David Fisher, finance director, said capital expenditure, \$815m in 1995, would this year be about \$750m. Minorco had \$1.7bn of cash at the moment and was generating good cash flow from operations (\$529.5m last year, up from \$415.5m) and had a strong balance sheet.

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Molins bags tea contract and rises 24% to £29.8m

By David Blackwell

Molins, the cigarette and packaging machinery maker, yesterday emerged as designer and manufacturer of the machines that make the tetrahedral teabags to be launched next month by PG Tips.

The group, which has been hinting about the contract for some time, also announced a rise of almost a quarter in profits on the back of increased sales in all three divisions and in every operating region. Pre-tax profits for the year to the end of December were £29.8m (£24m) on total sales ahead from £223.5m to £265.5m.

The teabag machine was developed with Unilever, ultimate owner of Brooke Bond. Mr Michael Orr, Molins chairman, said the significance of the deal was not so much the effect on the bottom line but the greater credibility it gave to Molins' claims to be a high technology company.

While Molins is determined to build up its packaging machinery business, cigarette making machines remain the driving force behind the business. The tobacco machinery division contributed operating profit of £23m (£20.6m) on sales up by almost a quarter to £163.6m.

China remains a large customer. During the year the group opened a service centre in Kunming, and its first high-speed, 12,000 cigarettes-a-minute machine.

The corrugated board division lifted profits from £4.3m to £6m on sales of £96.5m (£93.4m).

Turnover at the packaging machinery division almost quadrupled to £34.4m, helped by the first full 12-month contribution from Sandiacre, acquired at the end of 1994. Operating profits were £3m (£500,000), held below Sandiacre's 1994 operating profits by R and D costs.

Earnings per share were up from 57.8p to 65.4p. A final of 14.1p is recommended, raising the full-year total from 17p to 20p.

COMMENT The shares, which were below 50p a year ago, added a further 21p to 90p yesterday as the results topped most expectations in spite of a change in pension accounting that knocked £400,000 off profits.

Molins, which is now calling itself "the international specialist engineering company", appears to be in a strong position in all its markets, is unpegged, and the order book is 13 per cent up year on year. The impact of the teabag machinery sales will be limited as the group is tied to Unilever, which funded some of the research. But it could lead to other similar arrangements. Forecast profits of £34m give a prospective multiple of 12.5, which in spite of this year's share price rise still looks cheap.

VW shares jump after sharp climb in net profit

By Wolfgang Münchau in Frankfurt

Net profits at Volkswagen, the German motor group, rose from DM150m to DM336m (\$22.4m) last year, prompting a strong rise of the company's shares.

Release of the headline results came as part of a new German law, which requires companies to publicise market-relevant information without delay. It followed a meeting of VW's supervisory board, which also decided to raise the dividend for its ordinary shares from DM5 to DM6, and for its preference shares from DM4 to DM7.

VW sales rose 10 per cent to DM88.1bn, and new investments rose from DM5.65bn to DM6.86bn. Operating profits more than doubled from DM461m to DM1.11bn.

Ordinary shares in VW yesterday officially closed at DM537.50, up from DM529.25 the previous day, rising to DM539 in late trading. It will provide more details about its 1995 results at its annual news conference on March 28.

Yesterday's meeting was also preoccupied with the latest development in the "Lopez" affair, following the decision last week by Adam Opel, the German subsidiary arm of General Motors, to file a civil suit against VW in a US court, alleging industrial espionage. The allegations date back the defection to VW three years ago of Mr José Ignacio Lopez de Arriortua, a former GM head of purchasing. GM has alleged Mr Lopez stole internal GM documents before his move.

Mr Klaus Liesen, chairman of VW's supervisory board, said yesterday "the allegation of 'criminal conspiracy' is insulting and solely intended to damage Volkswagen... With this attack, GM/Opel place themselves outside customary competitive behaviour". Mr Liesen effectively accused Opel of misrepresenting the reasons for the decision to sue at this particular time. Opel said last week it had taken the decision because of the looming expiration of a three-year statute of limitations under US law even though "Volkswagen agreed to a joint extension", according to Mr Liesen.

He said: "GM/Opel are now suing in the USA although they themselves moved to place their own lawsuit for damages in Germany on hold. GM/Opel apparently did not see any prospects for success."

Acquisitions and reduced charge lift Johnson 7.5%

By Geoff Dyer

Group pre-tax profits of £15.4m (£14.3m) benefited from the £1.2m contribution from Stalbridge Linen Services, acquired in March 1995, and a drop in reorganisation costs to £879,000 (£2.4m).

Warnover over the summer and weak consumer spending led profits from dry cleaning in the UK to fall from £5.44m to £4.16m.

Dry cleaning in the US was also affected by low consumer confidence, with profits falling to £1.56m (£1.73m).

Textile rental profits in the UK increased to £11.5m (£10.3m), although second half sales had been below target due to the reorganisation of the sales team.

Earnings per share were 21.95p (19.19p) and the final dividend is 8.4p, making 11.2p (10.8p) for the year. The shares rose 5p to 279p.

COMPANY NEWS: UK

Simpson confirms he will leave Lucas

By Bernard Gray, Defence Correspondent

Mr George Simpson, chief executive at Lucas Industries, confirmed yesterday that he would be leaving, clearing the way for him to replace Lord Weinstock at the helm of the General Electric Company.

Mr Simpson has declined not to renew his contract with the automotive and aerospace group beyond April 1997. Lucas said yesterday that Mr Simpson would stay at the company "until the board has completed an orderly transition".

Lucas's board has been

working to identify a successor in recent weeks. Mr John Grant, the finance director, is the leading internal candidate. Outside contenders are also being considered.

GEC made no comment on Mr Simpson's decision. Negotiations are continuing between the two companies about the details of Mr Simpson's contract and on a date when he might move. Lord Weinstock is due to retire in the summer after 33 years in charge, but the precise dates are likely to remain flexible to fit in with Mr Simpson's timetable.

Mr Simpson has developed a

formidable reputation, first at Rover, then as deputy chief executive of British Aerospace. An accountant by training, he is viewed as a hard but fair boss who, alongside Sir Graham Day, masterminded the transformation of Rover. Mr Simpson has also won plaudits in government circles as a manager who can combine financial control with positive leadership.

He will face tough challenges at GEC. The European defence industry faces consolidation in the wake of lower defence spending and rationalisation of US competitors.

GEC-Marconi, the defence arm, has been discussing increased links with Thomson-CSF, the French electronics group, but these were interrupted by President Chirac's announcement that the parent company, Thomson SA, was to be privatised as a whole. GEC must now decide whether to try to renew the contacts with Thomson-CSF, restart discussions with BAe about links, or consider other options.

GEC Alsthom, the power engineering and rail joint venture with Alcatel, may also be a strategic concern. The business does not rely heavily on

contacts with either parent, and could be demerged.

The future of the GPT Telecoms joint venture with Siemens, the consumer goods businesses and other industrial companies also have to be considered.

The handover may lead to a great cultural change at GEC. Inevitably with such a strong personality in charge for so long, it has become moulded to Lord Weinstock's unique management style. No successor is likely to duplicate his grip on the detail of the business, and the company will have to adapt to a different way of working.

Siebe in talks to acquire Unitech

By David Wighton

Siebe, the controls group, is buying to negotiate an agreed £450m takeover of Unitech after paying £103m in cash for a 25 per cent stake in the electronics group.

Siebe is expected to make a paper offer for the remainder at about 650p a share, compared with yesterday's closing price before the announcement of 515p, up 94p.

Mr Peter Curry, chairman of Unitech, has been kept informed of Siebe's plans and the companies' advisers believe it is likely a deal will be agreed within the next couple of weeks.

Siebe bought the stake at 500p a share from Electrowatt, the Swiss electronics group which had a total of 29 per cent of Unitech. Electrowatt has given Siebe an option over the remaining 4 per cent at 600p a share.

Mr Barrie Stephens, chairman of Siebe, said: "I have known Peter Curry for many years and I have watched with respect and admiration Unitech's evolution into a world class company under his strategic direction."

He added that Siebe was impressed by the geographic mix of Unitech's business, in particular its strong presence in Asia. Unitech has a 51 per cent stake in Nemic-Lambda, the quoted Japanese group, a holding valued at £250m at yesterday's closing price.

Unitech said that "shareholders will be kept informed of the progress of any discussion that may take place".

Siebe is keen to combine Unitech's expertise in electronic control systems with its own controls businesses. Mr Stephens said: "Considerable product and marketplace opportunities for both our companies should exist in the event that a full combination of our respective businesses can be achieved."

It will be the largest acquisition Siebe has made and its most significant since buying Foxboro for £356m in 1990.

It is expected there will be a cash alternative, which must be pitched at above 590p, but that the main offer will be in shares to preserve its firepower for other deals.

An offer of 650p a share would represent about 20 times Unitech's earnings this year according to analysts' forecasts.

Electrowatt put its stake up for sale in December to help fund its purchase of Swiss rival Landis & Gyr.

NEWS DIGEST

Bell Cablemedia cuts churn rate

Bell Cablemedia, the third largest UK cable operator doubled its revenue to £42.6m in 1995. However, net losses at £47.4m were still ahead of revenues as the company continued to build its cable networks.

It spent £180m across the 18 cable franchises it manages or owns. That figure will rise to about £250m next year.

The average monthly residential telephony per line totalled £27.54, an increase of 8 per cent. Cable television brought in £20.86 per subscriber a month, a rise of 4 per cent.

Bell reduced the churn, or disconnection, rate to 27.3 per cent, a fall of 12.3 percentage points. The rate was now one of the lowest in the UK industry, Bell said.

Raymond Snoddy

Rentokil attacks BET strategy

Rentokil went on the attack yesterday against BET, the business services group for which it has made a hostile £1.8bn takeover bid, by accusing it of having an inconsistent strategy.

Responding to BET's first defence document which was published on Sunday, Rentokil claimed that BET had changed its strategy by relegating its cleaning, catering and personal businesses from its core operations.

Mr John Clark, BET's chief executive, replied that Rentokil's document was "short on strategy, long on soundbites and irrelevant historical comparisons".

Rentokil, the industrial services group, pointed out that in its 1995 annual report, BET claimed its catering business had "the infrastructure... to provide increased returns."

"What faith can BET shareholders have in a management that has failed in the only significant business area that it has tried to develop from scratch," Rentokil asked.

Rentokil said that BET's dividend, which is forecast to rise 27.5 per cent to 5.1p this year, was still 62 per cent below its 1991 level.

BET's share price on April 2 1991, the day Mr Clark joined the group, had been 167p, compared to 139p the day before market speculation about a Rentokil offer began.

Geoff Dyer

Break for the Border warns

Break for the Border Group, operator of bars, restaurants and live music venues, said annual pre-tax profits for 1995-96 would "only modestly exceed" last year's £1m. The shares fell 9p, before recovering to close 5p down at 53p.

The group also said that Mr Simon Granger, finance director, would be resigning.

Any rise in profits for the year to March 31 would come from recent acquisitions, the company said. The main problem was a £400,000 loss expected on the conversion of a Break for the Border cafe in Argyll Street, London, into a Howl at the Moon format.

Break for the Border expected to maintain the level of the final dividend at last year's 1.15p.

Mirror chief's £780,000

Mr David Montgomery, chief executive of Mirror Group, yesterday exercised options over 500,000 shares at 51p a share. He then sold the shares at 217p a share, making a profit of £780,000.

He retains options over a further 975,409 shares at 61p, and has a holding of 20,999 shares in the company. Shares in the group yesterday fell 9p to 217p.

Mr Montgomery exercised his options a day after the group announced 1995 pre-tax profits of £57.2m (£54.7m), or £77.1m after £10.1m costs for Live TV, the cable-only channel run by Mr Kelvin Mackenzie, but before exceptional gains.

Serif cuts deficit to £400,000

Serif, a specialist packaging and security and commercial printer, sharply reduced operating losses last year, from £1.3m to £400,000 on flat turnover of £21m.

The result for 1995 was helped by a one-off gain of £430,000 from the transfer of business and assets of Cowells Cards into Cowells Schlumberger, a joint venture with the US oilfield services and measurement and systems group to produce plastic cards for "smart" and magnetic strip applications.

British Data almost trebles

British Data Management almost trebled pre-tax profits in the six months to December 31.

Profits of £1.66m (£535,000) were achieved on turnover of £9.49m (£8.6m), with the Britannia Data Management subsidiary lifting sales 17 per cent to £7.8m.

Mr Stephen Crown, chairman of the data management and storage group, said the outcome reflected improved gross profits and reduced administrative expenses. The previous period had also included exceptional charges of £666,000.

Perry expands 29% to £6.55m

Pre-tax profits of Perry Group, the vehicle distributor, rose 29 per cent from £5.1m to £6.55m for 1995.

Mr Richard Allan, chairman and chief executive, said growth came from the used vehicles side, after-sales operations, and Nationwide crash repair centres. "The year has started well and we expect this progress to continue," he stated.

Turnover advanced to £414.3m, including £7.6m from new operations, against £382.8m.

Aspen acquires http://www

Growth across its divisions helped Aspen Communications, the services company, to a 50 per cent increase in 1995 pre-tax profits from £2.5m to £3.74m.

The USM-quoted company also announced the acquisition of an 70 per cent stake in http://www, a supplier of Internet services, for £450,000 in shares. In its first five months to February 29 the company generated revenues of £70,000 and incurred losses of £80,000.

Aspen's specialist printing reported profits up 43 per cent, whereas media and communications rose by 54 per cent. Marketing services advanced by 64 per cent.

Shanks & McEwan purchase

Shanks & McEwan, the waste disposal group, has bought the Scottish dry waste collection business of Leigh Interests for £5.2m cash.

In the year to March 31 1995 the business, which operates an industrial and commercial waste collection service from Edinburgh, Falkirk and Dunfermline, made a gross profit of £421,000 on turnover of £2.68m. It has assets of £600,000.

Finns end GrandMet vodka deal

By Frederick Gram, Consumer Industries Editor

Crud Metropolitan has been told it will lose its right in August to distribute Finlandia vodka in the US and Puerto Rico.

But GrandMet said it had a valid contract with Alko, Finlandia's distributor, running to September 30 2003, and would "strongly" challenge any attempt to terminate that contract prematurely. It would not comment on whether it would sue Primalco, Alko's trading arm.

Finlandia is the fastest growing imported premium vodka in the US. Its global sales rose 17 per cent to 1.7m cases last year, according to Drinks International Bulletin.

Sales in the US and Puerto Rico, handled by Palace Brands, a subsidiary of Heublein, GrandMet's main US drinks company, were 425,000 cases in the year ended last September.

"Today, however, our vision for the brand is based on a global strategic outlook that makes it appropriate for us to go our separate ways," said Mr Adrian Donner, Primalco's export director.

Industry analysts believe the Finns doubted that GrandMet could give Finlandia its full support given the strength of Smirnoff, GrandMet's own brand and the world's best selling vodka. GrandMet is also the agent for Stolichnaya, a Russian vodka that competes with Finlandia.

In a separate development, GrandMet is to distribute Jack Daniel's and Southern Comfort in the UK for a further eight years on behalf of Brown-Forman Beverages. Jack Daniel's is the UK's fourth largest whisky in the on-trade; Southern Comfort leads the speciality sector.

Yorkshire Water chiefs bail out

By David Lascelles, Resources Editor

The chairman and managing director of Yorkshire Water, the utility at the centre of the storm over last summer's water shortages, are both to retire in the coming weeks.

Mr Trevor Newton, 52, managing director, hit the headlines last year when he claimed he had not had a bath for several months because of

the drought. He was derided by the Labour party as a member of the "filthy rich".

Sir Gordon Jones, chairman, who had already indicated that he would step down, is to leave on April 23. He will be replaced by Mr Brandon Gough, former senior partner of Coopers & Lybrand, the accountants.

The company denied the departures were linked to last summer's controversies when Yorkshire was criticised by the

regulator and government for failures in its services. A government inquiry into its water shortage begins next week. Mr Newton plans to testify but was not leaving because of that, the company said.

Mr Newton will retire on May 31. Most of his duties will be taken on by Dr Kevin Bood, who joins the company in April from the National Rivers Authority.

It said Sir Gordon had to

retire before his 70th birthday next February and Mr Newton was going because "the period of transition through which the company has been going is now complete. He has not been sacked." Both would get "a normal pension" with "no golden handshakes".

Sir Gordon, whose salary is £156,000, has share options worth £130,000 before tax. Mr Newton, who earns £127,000, has options worth £87,000.

Restructured Wembley reduces loss

By Patrick Harverson

The drawing power of acts like the Rolling Stones and the popularity of video lottery fruit machines among US racegoers helped Wembley cut its deficit sharply last year.

Pre-tax losses at the stadium and greyhound track operator fell from £35.9m to £5.1m. Operating profits before exceptional items and interest jumped almost 70 per cent to a record £19.7m (£11.7m). After exceptional items, including £8.4m of fees for re-financing, profits were £11.4m (£3.9m loss) - Wembley's first operating profit since 1991. A deficit of £9.3m was recorded on disposals.

Analysts said the company had emerged from its long struggle for financial stability - which culminated in last year's £120m restructuring, capital reconstruction and management shake-up - in relatively good shape.

However, they said a question mark remained over Wembley Stadium's status as the country's sporting headquarters, with the Sports Council still to decide whether the self-proclaimed "Venue of Legends" or a site in Manchester is awarded more than £100m of National Lottery funds for a new national sports stadium.

A final decision may not come until the second half and if Manchester is chosen, Wem-



Alan Coppin, chief executive (left), with Claes Hultman and Nigel Potter, finance director, cheered by a return to operating profit after three years of losses

bley's profitable role as host of football internationals would be under threat. Yet most observers believe the bulk of the funds will go to Wembley, which plans an overhaul of the 74-year-old stadium.

Turnover of continuing operations climbed to £106m (£97m). The Wembley complex had a better year with profits rising to £3.2m (£3.8m) following the return of high rock acts. UTR, the US race track operator, enjoyed profits of £10.5m (£5.1m) after good business

from new video lottery terminals. Profits of domestic greyhound tracks were down slightly at £2.7m as the popularity of lottery scratch cards bit racegoers' spending.

Losses per share were 16.5p (303.4p) and again no dividend is proposed.

COMMENT
New chairman Mr Claes Hultman deserves credit for overseeing a sharp improvement in operating cash flows, which helped cut gearing. Prospects

this year look good with more stadium concerts and the European football championships lined up, although the UK greyhound business remains a cause for concern. Profits of about £1.7m are forecast and the company will be in a position to restore the dividend. However, the shares are trading on a slightly expensive-looking p/e of 16 which, combined with the doubts about the national stadium decision, suggests there is not much room on the upside.

Corporate Services to buy Blue Arrow

By Geoff Dyer

Blue Arrow, the employment agency, is to be bought for £47.8m by Corporate Services Group, the fast-growing employment services and training company.

Corporate Services, which will nearly double its turnover as a result of its largest acquisition to date, intends to keep the Blue Arrow name and convert part of its business from temporary to contract labour.

In the 1980s, Blue Arrow was an operating company in the group of that name, headed by Mr Tony Berry. The group was the subject of a fraud trial after an £837m rights issue in 1987 to finance the acquisition of the much larger Manpower.

The group was also faced with a Department of Trade and Industry inquiry in the early 1990s. The trial convictions were quashed on appeal and the DTI later dropped its proceedings to disqualify Mr Berry as a company director.

In 1991, the company was the subject of a £34m management buy-out from Manpower, which had taken control of the Blue Arrow group. Manpower

retained 11 per cent, with institutions led by Candover Investments taking 74 per cent.

Five senior managers took a 15 per cent stake and stand to make about £3m from the deal. Two, Mr Michael Crosswell and Ms Irene Marvin, are to join the Corporate Services Board.

Mr Crosswell said Blue Arrow had considered flotation but felt that the reputation attached to its name could have caused difficulties.

Corporate Services is to finance the acquisition with a £45.1m 9-for-11 placing and open offer at 140p a share, a 9 per cent discount to Thursday's closing price of 121 1/2p.

Mr Jeffrey Fowler, chairman, said the group was interested in Blue Arrow's "blue-chip" client list and its administrative and catering businesses. "I now have all my beans in a row."

Corporate Services plans to convert 40 per cent of its income to higher margin contract labour. Blue Arrow made pre-tax profits of £5.5m in 1995 on turnover of £116.6m.

Corporate Services made pre-tax profits of £9.4m (£3.3m) on sales of £133.2m last year.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of dividend	Dividends corresponding dividend	Total for year	Total last year
Aspen Comm S	Yr to Dec 31	80.1 (69.9)	3.74 (2.5)	17.5	(11.5)	3.75	6.25	5.35
British Data Mgmt	6 mths to Dec 31	9.49 (8.6)	1.66 (1.54)	4.28 (4.17)	1.65	1.65	1.65	1.65
Chesborton Int	6 mths to Dec 31	33.3 (23.9)	0.152 (0.128)	0.21	(0.1)	1	1	1
Darby S	10 mths to Dec 31	15.5 (16.4)	0.55 (0.1)	3.30 (4.25)	1.1	1.1	2	1.5
Sander S	Yr to Jan 31	1.54 (2.78)	0.24 (0.5)	0.09	0.12	0.09	0.12	0.12
High-Point	6 mths to Nov 30	21.7 (21.6)	0.759 (0.221)	8.9	(3.2)	8.9	0.5	0.5
Johnson Cleaners	Yr to Dec 30	172.9 (168.5)	15.44 (14.34)	21.96	(19.16)	8.4	11.2	10.8
Mattison	Yr to Dec 31	285.5 (222.9)	25.3 (24)	85.4	(57.8)	14.1	11.7	20
Mowlem (A&P)	Yr to Oct 31	1.67 (1.55)	38.4 (4.8)	17.6	17.6	2	2	2
Perry	Yr to Dec 31	41.4 (362.8)	5.55 (5.1)	16.8	(12.2)	5.1	4.75	7.5
Serif	Yr to Dec 31	20.98 (20.89)	0.41 (0.29)	0.51	(0.7)	0.51	0.51	0.51
Walker (Thomas)	6 mths to Dec 31	2.02 (2.05)	0.07 (0.53)	0.66	0.18	0.18	0.18	0.805
Wembley	Yr to Dec 31	122.6 (128.7)	8.124 (5.94)	16.51	(303.4)	16.51	16.51	16.51

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of dividend	Dividends corresponding dividend	Total for year	Total last year
Investment Trusts	NAV (p)							
Bancor	Yr to Jan 31	171.5 (123.8)	5.48 (3.65)	3.38 (2.37)	2.55	1.13	1.03	4.22
English & Scottish	6 mths to Jan 31	63.71 (72.17)	0.001 (0.048)	0.003 (0.174)			1.9	1.9

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. USM stock. *Comparatives for 12 months. **After exceptional charge. ***After exceptional credit. †On increased capital. ‡Comparatives for 13 months. §Comparatives restated. ¶Am stock. ††Comparatives for 43 weeks. ‡‡July 31 1995. ‡‡First interim.

ALFI
LUXEMBOURG INVESTMENT FUND ASSOCIATION

CONFERENCE
LUXEMBOURG - 25 & 26 March 1996

EUROPEAN INVESTMENT FUNDS ON THE MOVE OPPORTUNITIES AND RISKS

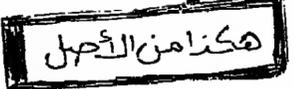
Renowned fund managers, experienced investment strategists, best informed government officials and successful service providers will deliver leading edge information about 3 critical issues over the course of this exclusive 2-day forum:

Day 1: Prospects for the investment fund industry through to the second millennium. Particular focus: the anticipated impact of the single currency on financial markets and investment schemes.

Day 2: Understanding and offering innovative products:

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- emerging market experts will identify new business opportunities and explain how to take advantage of them.

INFORMATION AND REGISTRATION: PLEASE CONTACT MARTINE SCHEUREN
PHONE (352) 22 30 26 FAX (352) 22 30 93



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Lead climbs to 5-year high

Lead prices climbed to fresh 5-year highs on the London Metal Exchange yesterday as growing tightness in supply...

The 6,025-tonne contract took the fall on the week to 8,725 tonnes and left the stocks total at 89,725 tonnes...

Traders told the Reuters news agency that the tightness was concentrated in the March delivery period...

"It's getting hairy," said one trader. "You don't want to be short of these numbers."

Copper stocks were also down, but the fall was relatively modest and in line with expectations...

But producer members said they needed more information on the width of the range and the stocks/groundings ratio...

BASE METALS

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Open, Close. Includes Aluminum, Lead, Zinc, Tin, etc.

PRECIOUS METALS continued

Table with columns: Metal, Price, Change, High, Low, Open, Close. Includes Gold, Silver, Platinum, Palladium.

ENERGY

Table with columns: Commodity, Price, Change, High, Low, Open, Close. Includes Crude Oil, Heating Oil, Natural Gas.

GRAINS AND OIL SEEDS

WHEAT LCE (c per tonne)

Table with columns: Wheat, Price, Change, High, Low, Open, Close. Includes various wheat grades.

SOFTS

COCOA LCE (t/tonne)

Table with columns: Cocoa, Price, Change, High, Low, Open, Close. Includes various cocoa grades.

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000 lbs cwt)

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WEEKLY PRICE CHANGES table showing price changes for various commodities like Gold, Silver, Copper, etc.

WORLD BOND PRICES

MARKET REPORT

By Lisa Branson in New York and Conner Middelfinn in London. Another Friday, another bond market sell-off...

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BOND FUTURES AND OPTIONS

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Table showing UK bond futures and options prices.

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Table showing Italian bond futures and options prices.

NETAL GOVT. BOND (BTP) FUTURES OPTIONS

Table showing Netal government bond futures options prices.

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday March 16 1996

Europe fails its jobs test

For those who had hoped to start economic and monetary union in 1999 the downturn in the European economy could not have come at a worse time. But that is far from Europe's biggest problem. The poor economic performance of the 1990s comes on top of its long-standing failure to generate new jobs. This dismal record is undermining the credibility of European governments, both individually and collectively. Hitherto, however, their response has consisted of little more than ritual incantations and futile gestures.

Only last week the European Commission downgraded its forecast for EU economic growth in 1996 to 2 per cent. With Germany probably in recession on one standard definition - that of two successive quarters of negative growth - the chances are that this forecast is already too optimistic. Worse, it follows a long period of poor European performance: between the third quarter of 1991 and the corresponding period of last year, gross domestic product of the European Union expanded at a rate of 1.6 per cent a year and the EU-wide standardised rate of unemployment rose from 8.8 to 11 per cent.

The response of the French finance minister, Mr Jean Arthuis, to the new Commission forecast was to insist that monetary union would go ahead on schedule in 1999. These were brave words. But the difficulties ahead can only increase. Germany's general government fiscal deficit was already 3.6 per cent of GDP last year and is almost certain to exceed the Maastricht treaty reference number of 3 per cent this year as well. The French fiscal position was - and is - still further afield.

Dismal prospects

Since Emu is the flagship of the EU flotilla, those like Mr Helmut Kohl, who believe further integration is the only route to a secure European peace are bound to be distressed by the dismal short-term economic prospects. They now confront some very difficult choices indeed. But for those who are merely worried by the more mundane failure to deliver prosperity and jobs, it is the slow-down itself, not the effects on Emu, that matters.

Somehow, European leaders must find a way to reverse the poor performance of their economies. Judged by this standard, what has been on offer in recent weeks is lamentable. Mr Jacques Santer, president of the Commission, has proposed, for example, that savings in this year's EU farm budget might be used to support research and development.

He also wants to raise an extra Ecubin to push forward spending on trans-European networks. Since these ideas would amount to at most 0.3 per cent of EU GDP, they fall firmly into the category of futile gestures.

Meanwhile, Sweden has called together the smaller members of the EU in an attempt to force the inclusion of employment into the agenda of the intergovernmental conference. But what good would this do? The EU's is a market economy. Jobs must be created by profit-seeking companies and obtained by income-seeking workers. There will be more people employed only if incentives for both sides improve, in and of itself an employment chapter in an EU treaty would not create a single job, except for those of the people who negotiate it.

Excessive costs

Some people even believe that the EU needs job targets, as if it were part of the old Soviet Union. Others want a "social union" to raise minimum standards, as if the main problem was not the already excessive costs of creating new jobs.

Yet another indication of the subtlety of the thinking on offer comes from Mr Oskar Lafontaine, leader of the German SPD, who has called for cuts in non-wage labour costs, limits on overtime, lower income taxes and restrictions on the influx of ethnic Germans from eastern Europe and the former Soviet Union. Even where this list does make some sense - on non-wage labour costs - there is too little appreciation of the fact that taxes almost always fall on labour incomes, even if they are supposedly on profits or sales. If the non-wage costs of employment are to be lowered, public spending must also be cut.

What is to be done? It might help if the timetable for Emu were not forcing fiscal deflation in the short term. But the reduction in structural deficits had to come at some point. It would almost certainly be better to do it at the wrong time than not at all.

Above all, European leaders must stop hoping that something will turn up to allow them to escape the hard choices they now face. Still less should they try to lean drunkenly on one another, counting on a European solution to essentially domestic problems. Instead, they should rely on their own intelligence and courage to make the necessary, radical reforms. At present, there is little sign of either. Without them, the prospects for Europe's prosperity and stability are bound to go from bad to worse.

Heavyweight battle for viewers

The Bruno-Tyson fight symbolises the change sweeping broadcasting where everything is available at a price, says Raymond Snoddy

It is hard to imagine a more promising event to launch the UK's first pay-per-view television experiment than the world heavyweight boxing title fight in Las Vegas in the early hours of tomorrow morning British time.

In one corner will be Frank Bruno, the popular British "nice guy" who has kept going long after most would have given up - eventually becoming world champion against the odds. In the other is Mike Tyson, the American thought to be unbeatable despite being not long out of prison after serving a sentence for rape.

The Los Angeles Times said Bruno has a glass jaw and has been on more canvasses than Rembrandt. But the event blends patriotism, live sport, hero and villain - and it can only be seen in the UK by subscribers to the Sky Sports satellite TV channel who have paid extra to view it. The cost of a ring-side television seat is £14.95 (those who booked early paid £9.95).

The event has become a powerful symbol of the radical change now sweeping television as new digital broadcasting technology allows a multiplicity of channels. It is an early but telling step away from universal access television where anyone with a set and a licence can watch, to a world where everything is available at a price for those willing or able to pay.

"Pay-television will be part of the broadcasting landscape when digital arrives for terrestrial, cable and satellite broadcasters," Mr Sam Chisholm, chief executive of British Sky Broadcasting, predicted yesterday.

Pay-per-view is already quite common in the US, but the decision to charge for the fight in the UK has led to criticism that most boxing fans are being excluded. Yet such fights are rarely shown live on terrestrial television, or even on subscription satellite channels. Most world championship boxing matches are shown only on closed circuit television in cinemas with prices of between £25 and £35 a seat.

However, broadcasters will be looking carefully at BSkyB's taking as an indicator of the future viability of the electronic box office. With the calls still going in to BSkyB's subscriber management centre at Livingston in Scotland, the signs yesterday were that the experiment will do much better than the dismal performance expected by many commentators.

The key to expanding pay-TV is digital television, which uses compression technology that allows anything from six to 10 channels to be squeezed into the space of a single channel using traditional analogue technology. This greatly reduces the cost of transmission and expands the number of channels - more than 500 channels are likely to be available over Europe in the next few years.

The first European digital satellite is already in space, part of the Astra system owned by SES, the Luxembourg-based satellite operator. BSkyB has already leased



Striking a blow for pay-television: Boxers Frank Bruno (left) and Mike Tyson at Thursday's weigh-in before the title fight in Las Vegas

capacity and raised the possibility of live pay-per-view broadcasts of all English Premiership football matches in renegotiating its exclusive contract - in addition to screening selected matches on Sunday afternoons and Monday evenings. Fans could buy an electronic season ticket to watch their team every week or perhaps just away games.

Just such a deal has already been done in Italy by Telepiù, the Italian pay-television company in which NetHeld, the Netherlands-based international pay-TV group has a stake. In August, apart from the existing subscription channel service, Telepiù will use digital technology to offer all Italian Premier League and first division football matches on its new pay-per-view Telecalcio service.

"The Telecalcio pay-per-view project will give fans a unique chance to benefit from this important sports package in a totally new way," according to Mario Basini, managing director for the Telepiù channels.

New technical developments will soon give viewers more choice at a price. They include near-video-on-demand where top movies at any one time are each shown on perhaps six channels with staggered starts so the subscriber is rarely more than 20 minutes away from the start of a movie of their choice.

Then there is true video-on-demand when programmes can be ordered instantly from a high video library down high-capacity cable lines or even the existing telephone network.

Results from 70 video-on-demand experiments round the world are mixed, and it is not yet clear whether enough additional revenues are generated to justify the cost.

But Veronis, Suhler, the US merchant bank specialising in the media, believes that total spending on subscription video services in the US will grow at 8.4 per cent a year, from \$24.1bn in 1994 to \$33.1bn in 1999. Within the total, the bank believes pay-per-view movies will shoot up from a relatively modest \$297m in 1994 to \$1bn in 1999.

Around the world a dramatic period of expansion of pay-TV is poised to take off as a result of the billions of pounds already invested in digital satellites. In Europe, for example, the Murdoch-controlled BSkyB, Bertelsmann and Canal Plus last week formed an alliance to launch new digital television services in Germany and other European countries. Lehman Brothers, the US investment bank, expects pay-TV subscription revenues in Europe this year to reach \$5bn with more

than 16m subscriptions, 11 per cent of homes.

NetHeld, owned by Richemont, the tobacco and luxury goods group, and Multi-Choice, a South African company, launched digital pay television services in South Africa and Italy last year and will soon launch a service for the Middle East. Mr Koos Bekker, chief executive of NetHeld, believes the future belongs to pay-TV, and that the proliferation of channels will also mean that traditional broadcasting regulation will fall away.

In Latin America - after China the most important market in the emerging world - there should be two competing multi-channel satellite systems covering the continent before the end of the year.

One of them is a consortium involving Mr Rupert Murdoch's News Corporation. The other is Galaxy Latin America, which brings together Hughes Communications, Multivision of Mexico, Chemeo of Venezuela and the Abril Group of Brazil. It will next month launch a 196-channel service to Latin America and the Caribbean. The satellite will be able to address individually more than 50m households. Ms Beatrice Rangel, a vice-president of Galaxy, estimates 20m households in the region have the disposable income to afford pay-TV, including the planned pay-per-view events.

The whole issue of pay-TV poses a difficult dilemma for traditional broadcasters - whether they come from the public service tradition or are commercial channels funded by television advertising. The former are founded on the principle of universality - that everything should be available to everyone who pays the basic licence; the latter that anyone who has the receiving equipment should be able to view.

That could all be about to change as such broadcasters realise they will have to launch new channels, possibly based on subscription. One motive will be to hold on to their share of the audience, but a more important one - particularly for public service broadcasters - will be to win a share of the revenues generated by pay-TV.

The BBC, for example, seems prepared to consider joining the subscription television revolution on proposed new digital terrestrial services. Sir Christopher Bland, the former chairman of London Weekend Television who is about to take over as chairman, has already mused about that to protect the BBC's future, it will have to launch its own subscription satellite sports channel.

Thus Europe's broadcasters will be watching the impact of the Bruno-Tyson fight very closely - not only for its impact on Frank Bruno's chin, but also for its impact on BSkyB's bottom line.

LETTERS TO THE EDITOR

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Committee of inquiry has a right to reflect

From Mr John Tomlinson.

Sir, Why is it that the British government is unable to allow the truth to cloud its visceral dislike of the European parliament?

The comments it makes on the parliament in its white paper go beyond insult to reach inaccuracy. As chairman of the parliament's first committee of inquiry, I would point out that the fact that this committee was "only" set up in December 1995 does not show that the institution was "slow to use its powers effectively".

Rather, governments could not agree with the parliament on the way such committees should operate until the spring of last year. Once its powers were defined the parliament spent some months deciding what was the best subject for the first such committee, but why complain? Even "young institutions" have the right to reflect before they act.

Now the committee is established and is at work examining the community transit system, I remain ever hopeful that the comments made in the white paper do not prevent the government from cooperating fully with the parliament in the exercise of its rights, not least if it decides to invite British officials to assist in its work.

John Tomlinson,
European parliament,
Strasbourg,
France

Japan will remain firm on fair trade

From Mr Akinori Yamada.

Sir, On behalf of the Japan Fair Trade Commission (JFTC), I would like to address some points raised in your article ("The watchdog that refuses to bite", February 23).

With regard to the article's reference to "the lack of anti-monopoly enforcement in Japan", the fact is that the JFTC levied a total of \$62m in "administrative surcharges" which roughly corresponds to fines on firms violating Japan's anti-monopoly law last year. By

contrast, the amount of fines imposed by the US anti-trust authorities in financial year 1994 came to \$49m. The JFTC is not "a watchdog that does not bite" (As far as the Japanese media are concerned, characterising the commission in such terms has been out of fashion for some time). The article implied that the JFTC had previously acquiesced in Fujifilm's anti-competitive actions in the Japanese market. The JFTC has pursued several legal actions in the Japanese film market, including

that which led to its decision in 1981 concerning trade practices perpetrated by Fujifilm in the X-ray film market.

When one compares the state of law enforcement in different nations, one needs to look carefully at the facts rather than be carried away by outdated clichés.

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Chiyoda-ku, Tokyo, Japan

Directive reduces flexibility

From Mr Norman Rose.

Sir, The opinion of the advocate general of the European Court of Justice, that the 1993 working time directive was properly adopted by qualified majority voting as a health and safety measure, "European Court rejects working week challenge", March 12 sets a dangerous precedent.

While there is a health and safety element to some parts of the directive, the majority of its provisions have nothing to do with health and safety at work. The directive is essentially a piece of employment legislation.

Unemployment is rising across the European Union. The priority of the EU ought to be to get people into work and, having achieved that, to keep them in work. This directive will tend to have the opposite effect. It will also hit a large number of employees who will simply see a reduction in their pay as a result of a reduction in their working hours. Many employees depend on overtime.

Unfortunately, the full

implications of the working time directive are not widely understood by the business community. In addition to the maximum 48 hour week, there is a raft of other detail such as the provision for rest periods and holiday entitlements, which will have a significant impact on working practices.

The directive will both reduce the flexibility available to employees to negotiate their working hours, and impose significant additional costs on employers. The European Commission now claims to recognise the link between social policy and competitiveness, but employment legislation of this kind will significantly reduce the flexibility to meet peaks in demand and damage the competitiveness of companies across Europe.

Norman Rose,
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Business Services Association,
Commonwealth House,
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London WC1A 1NU, UK

Three of the best

From C.J.W. Minter.

Sir, J.D.F. Jones ("Need a (non-alcoholic) drink?", Weekend FT, March 9/10) omits mention of the three best non-alcoholic drinks I know: Campbell's VB juice, (far superior to any tomato juice, doesn't need the addition of sauces, celery or lemon slices and is a fine accompaniment to vodka), Bitter Has (a passable substitute for Campari) and plain milk. Needless to say, you won't find any of them in a pub or restaurant.

At home install a water purifier. The result is far better for you (and cheaper) than any designer water. I'm not sure if angostura bitters are alcoholic or not, but if you liberally splash them into and all round a tumbler, set fire to them and then add ice and water, you'll have a successful simulation of pink gin, nicely caramelised and aromatic.

C.J.W. Minter,
3 Chids Street,
London SW5 9RY, UK

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Man in the News • Lee Teng-hui

The thorn in China's side

Laura Tyson on the local boy who made good as Taiwan's president

When Mr Lee Teng-hui took over the presidency of Taiwan in 1988 after the death of Mr Chiang Ching-kuo, the son of Generalissimo Chiang Kai-shek, no one thought he would be more than a transitional figure. He was merely a quiet politician who had dutifully toed the Nationalist party (or Kuomintang) line for many years, working his way up the ranks to the largely titular post of vice-president.

Eight years later, the 73-year-old Mr Lee is expected to become the country's first democratically chosen leader in next week's election. Having presided over the transformation of Taiwan from military dictatorship to working democracy, he will be faced with an even greater challenge in his next four years in office: striking a modus vivendi with China, which is aggressively stepping up its historical claims to Taiwan out of fear that the island may declare formal independence.

On the success of Mr Lee's delicate task hinge not only the future of Taiwan and its 21m residents, but also China's relations with the US and the rest of the world - as Beijing's war games in the Taiwan Strait starkly illustrate. Unlike Hong Kong, Taiwan is not subject to a treaty under which it

is to be handed to China at some appointed hour, and China's recent belligerence appears to have backfired. "Unless the mainland Chinese leaders are a bunch of fools - and I don't think they are - they should realise that the missile tests will only help Lee win the election," says Mr Hansen Chien, a ruling party spokesman.

As his unheralded rise to power attests, Mr Lee is a man of uncommon mettle. He is disliked by many politicians but, as the island's first locally-born leader, the tea farmer's son is loved by many native Taiwanese. He has the popular appeal of a Ronald Reagan and finds wide support among the working class.

Mr Lee has put Taiwan first, unlike the mainland-born leaders who preceded him. They maintained the fiction that they would reconquer China to reverse the result of the civil war that ended in 1949. His expressions of sorrow about the Japanese occupation, which ended in 1945, and

about the highhandedness of the government in the early years of the Kuomintang, have found resonance among his countrymen. They have long felt slighted by a succession of rulers from outside and now feel humiliated by China and ignored by the rest of the world.

Three years ago, Mr Lee launched a campaign to get Taiwan a seat in the United Nations and stepped up the government's policy of "pragmatic diplomacy", a push to expand unofficial ties with foreign countries.

China, which views Taiwan as a renegade province and reserves the right to use force to recover it, duly protested against these efforts to raise Taiwan's international profile. But it was Mr Lee's visit to the US last June that sent Beijing into a rage, plunging US-China relations to their worst level since the Tiananmen square massacre, and unleashing a torrent of vitriolic attacks on Mr Lee in the official Chinese media. In one report, Mr Lee

was consigned to the dustbin of history. In another, he was called a "sweet-talking chameleon". Others accused him of "splitting" China or, even worse, secretly seeking Taiwanese independence. Perhaps the most memorable was an item that said discussing unification with Mr Lee was "like climbing a tree to catch fish".

Behind the rhetoric lies a serious message. The Chinese leadership condemns Mr Lee as a traitor to the Chinese race, and regards him as someone polluted by the thinking of Japan, China's historic enemy. He was schooled during the Japanese colonial era, the Mandarin dialect of Chinese is not his strongest suit, and he frequently uses Japanese figures of speech.

The Chinese are not the only ones who believe Mr Lee secretly supports independence (which he steadfastly denies). Many Taiwanese believe so too. In a meeting with foreign dignitaries, he once said: "There are two Germans, two Koreans - why not two Chinas?" He makes the most of the ambiguity in his position. An estimated 30-40 per cent of supporters of the leading opposition party, the pro-independence Democratic Progressive Party (DPP), are expected to vote for Mr Lee next week. In the words of one long-time DPP supporter, Mr Lee "stands for independence anyway, so why not vote for him?"

The tensions with China are not helped by the fact that Mr Lee appears to revel in goading the Chinese leadership. After Taiwanese tourists were killed on a boat trip in China a few years ago, Mr Lee called the Chinese government "bandits". During China's recent weapons tests near Taiwan, Mr Lee suggested the missiles were of poor quality. He has said the People's Liberation Army cannot fight because all the generals have become businessmen. He has even suggested the Chinese leaders have mental problems. He says, more pertinently, that the reason China attacks him

and holds threatening manoeuvres near Taiwan is that its leaders are terrified of democracy in Taiwan, which might prompt Chinese citizens to demand the same.

Some Taiwanese are critical of Mr Lee's confrontational approach. "I wish he would just shut up," says a mid-ranking government official. "It is unnecessary and irresponsible to say all those things that irritate the Chinese leaders so much and make them lose face."

He will, perhaps, be obliged to extend an olive branch to China after the election. While it is unlikely that he will offer any substantial concessions on ideological or political matters, he may try to improve economic ties, for example by expediting direct communications, shipping and flights across the Taiwan Strait.

Kow-towing, however, is not part of Mr Lee's repertoire. Senior figures in his own party describe him as arrogant, intolerant of criticism, and disinclined to listen to the views of others. Those who expect him to "mend" his ways after the election are likely to be disappointed. Mr Lee, a devout Christian, is fond of comparing himself to Moses leading the Israelites on the exodus from Egypt. But the biblical parable of David and Goliath might be more apt.



Jim Kelly and Norma Cohen on the scheme to settle the Lloyd's nightmare

The bitter bills to swallow

Lord Henry Mount Charles received what may be his final bill from Lloyd's of London by fax at Slane Castle, County Meath, in Ireland, late last week. To be exact it arrived at Beau Parc House, a mile away, as the castle was damaged by fire in 1991. It was not insured.

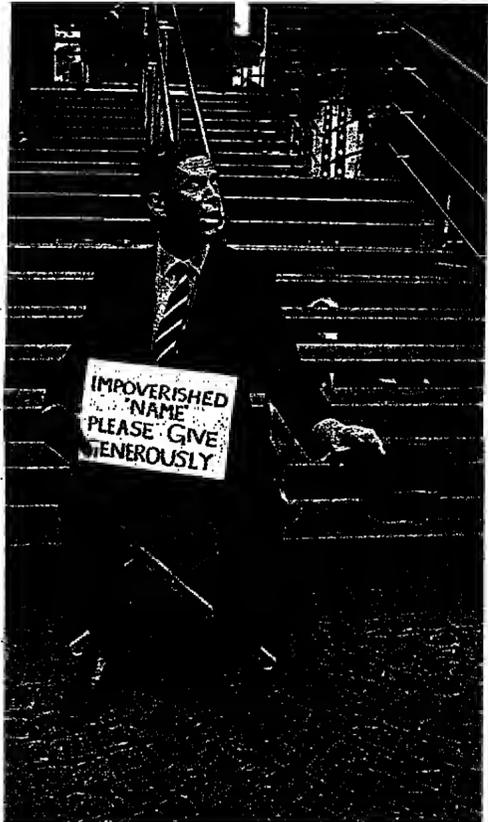
"You could say I have been going through my own personal recovery and reconstruction plan," he says, alluding to the ambitious Lloyd's rescue scheme of the same name. The 300-year-old London insurance market is trying to end the financial nightmare arising from the loss of £3bn in recent years.

This week 34,000 Names - people like Lord Mount Charles whose personal wealth traditionally supported the market - have been sent "indicative statements" by Lloyd's outlining their losses and what they have to pay to cap, once and for all, the liabilities of the past.

To help meet the cost of dealing with the market's old liabilities, and to end litigation being pursued by loss-making Names seeking damages, Lloyd's has amassed a £2.5bn settlement fund to be split according to Names' individual circumstances.

Under the complex scheme, most Names will have to pay - generally up to a maximum of £100,000 - although some will receive money. The bills are not final, although Lloyd's says 95 per cent will turn out to be within £15,000 of the final figure, which should be set in May. Names are due to vote on the scheme in July.

Lord Mount Charles, however, says there is much negotiating to be done before the vote, particularly since many Names are bitter about those who refuse to pay their debts to the market. "This is the biggest game of poker in town," he says. "I want this to fly. But I want it to fly properly - not like tennis... It sticks in my gut that there are people out there who have avoided paying their debts and may now have their losses capped."



Cap in hand: Name Alan Price makes his point at the Lloyd's building

For him, the benefit of a final settlement is "the liberation that takes place within one's entire psyche. This has been hanging over one's head like the Sword of Damocles for several years now."

But what of the thousands of ordinary, and often smaller, investors who may help decide the future of the market in the vote? Is "Tunbridge Wells" still disgraced with Lloyd's of London? The market's own helpline had 800 calls in the first three days after the statements were sent out. Two thirds of the Names are believed to be broadly in favour of the deal, but Lloyd's will probably need wider support to

ensure the settlement's success. For Mr Jolyon Kay, former Arab specialist in the diplomatic service, the indicative statement is a bad joke. "I actually don't have any money at all. I am down to nothing. I shall be applying for supplementary credit under the settlement. If I don't get that I can't sign up."

He became a Name to "add a little cream on top" of his pension. When he realised things were going badly he sold his house, with half the proceeds going to Lloyd's, and the rest to his wife, who now owns the small cottage in which they live. The change of lifestyle is not all bad. "My children say my house

is warm for the first time." He was not surprised by his indicative statement. It showed total losses of £800,000 - £300,000 of which he has paid. He would have to pay a further £100,000 to join the settlement as things stand. "My father greatly respected the City of London, and taught me to do the same," he says.

Mr Michael Stewart, an Edinburgh stockbroker, has money, but must still be persuaded to accept the final settlement deal. "I think the Lloyd's offer is quite cleverly balanced - I am hit quite hard relative to my resources - but I think I will accept because it is

within my means to do so." Such stoicism hides a trace of bitterness about the way in which the market was run in the late 1980s. "I do get the feeling that there was skulduggery. My house and home will still be there. My wife's still there - I hope. Dog's still there. I am diminished. But there it is."

Among Names who live near the West Sussex Golf Club, where Mr Anthony Gooda, chairman of the ill-fated Gooda Walker syndicates, was well-known and well-liked, reactions are less polite. "Around here we speak of a 'standard Gooda-Walker unit'," says one Name. "That's a loss of about £250,000 and most of us are in for about four standard Gooda-Walker units."

This Name, who has sold a "comfortable country five-bedroomed house" to move to a bungalow, now lives on a state pension and some income from trusts. "Lloyd's motto is Fidentia [confidence]. I think they should change that to Perfidia." He agrees the settlement would end the wrangling but adds: "There is a lot more bargaining to be done."

Many US Names are still waiting for bills to arrive. But distance does nothing to dim the bitterness. "I've paid \$1m (£630,000) into Lloyd's," says one who joined because he had been in the insurance business. "I've had to sell stocks and pay capital gains tax on that in order to meet my debts." He says Lloyd's council, the market's ruling body, failed to "come clean" about its affairs in 1990 and 1991. "I was lied to dozens and dozens of times. People looked me in the eye and lied to me."

For Ms Sally Howard-Vyse the indicative statement brought bad news - but not as bad as that suffered by many Names she now works to help. She is secretary of the Names Defence Association, with 500 members, and works from home on the family estate near Malton, North Yorkshire.

To join the settlement she too must pay £100,000 - but she insists she will not. "They have had more than their pound of flesh. What could I pay up with? They've got the lot." But her husband, who runs an agricultural business, owns the family home, so at least she will have that as a refuge.

"A lot of people's guarantees were their houses and they haven't got them any more," she says. She was attracted to Lloyd's because farming meant having a large capital base, but little income, and they needed to educate three children. She was told "not to worry my pretty little head" about the dangers. "Oh dear. I was so foolish."

Lego builds its future

The Danish toymaker is expanding its empire, says Peter Marsh

Some time in the next 10 years, the number of miniature Lego figures in existence is likely to outnumber the earth's inhabitants. More than 2.5bn of the tiny figures are the playthings of children in 133 countries, and the company turns out 1480 bits of plastic every year to meet growing demand.

They join 150bn of the virtually indestructible plastic bricks and other pieces produced since 1949, which have made Lego one of the world's best-known brands. Its popularity is now to be reinforced by a chain of theme parks, modelled on Legoland at Billund in Denmark, which attracts 1.5m visitors a year.

A second Lego theme park is already due to open in the UK at Windsor, west of London, at the end of the month, with a third opening in southern California in 1998. This week, Mr Kjeld Kirk Kristiansen, the company's president and majority owner, announced plans for a further 15 such parks to be built by 2050 at a cost of about £1.3bn.

"We are really rolling," said the normally reserved Mr Kristiansen. The 48-year-old Lego president - the grandson of Ole Kirk Kristiansen who founded Lego in 1932 as a maker of handmade wooden toys - presides over a vast business empire. The private company is Europe's biggest toymaker and among the world's top seven, with factories in Switzerland, South Korea, Brazil and the US.

His headquarters is at the Danish town of Billund, where the 6,000 people who live there, about 2,000 work for Lego, which employs nearly 9,000 people around the world. A huge and almost completely automated factory hums 24 hours a day, turning out billions of Lego bricks and other plastic parts every year. An array of 700 high-tech injection moulding machines is served by robotic carts which glide around the plant transferring the finished pieces to the warehouse.

The heart of the Lego empire is the "idea house", an airy and lavishly decorated private museum which is a shrine to the company and what it stands for. Off-limits to the public, it contains a display of Lego products and a selection of the writings of the three generations of the family that has led the company since its inception.

According to the company, Lego products stand for "excellence, spontaneity, self-expression - concern for others and innovation". Mr Kristiansen claims that part of the reason for his company's success is that many parents like the toys almost as much as their children.

"It's something we build on," he says. "Parents consider Lego not as just a toy company but as providing products that help learning and developing new skills."

The point is reinforced by a new

...AND IS THERE ANY DOWNSIDE TO WORKING FOR SUCH A FERVENTLY PURE AND PATRIARCHAL TOY COMPANY?



addition to the Idea House - the "land of childhood". This is a jumble of tunnels filled with play equipment and a slide, designed not for children but for the adult VIPs invited by Lego to its inner sanctum.

The company has traditionally avoided pushing its brand into other products. But Mr Kristiansen is keen to develop alliances with selected partners to promote the Lego brand and increase sales - estimated at about £950m in 1994.

For example, the company has signed an agreement with Otto Versand of Germany and Rabobank of Denmark to license the Lego brand on children's clothes. It has also recently bought a majority share in a Danish maker of playground equipment called Kompan which it will promote using the Lego brand.

And the company has assembled a team of software designers in Billund working on joint projects with Mindscape, the Californian software developer which is owned by Pearson, publisher of the Financial Times. The first product of this alliance, to be unveiled in the autumn,

will be interactive home-computer software allowing children to visit a Lego town and rebuild parts of it. In 10 years, says Mr Kristiansen, revenues from licensing agreements linked to such alliances, together with income from theme parks, should contribute up to a quarter of Lego's total turnover, up from less than 5 per cent now.

However Mr Kristiansen says he will choose his new business partners carefully. "We insist on very high standards - it's what our customers expect."

Lego executives talk of their brand with deep reverence - almost religious fervour, according to one manager.

The company issues its employees with an 11-page brochure instructing them how to maintain the purity of the Lego trademark. It also employs a team of lawyers to fight attempts by rival toy companies to copy its ubiquitous bricks and other plastic elements.

"At any one time, we are fighting legal actions against roughly 30 companies on these grounds and the problem is growing," says a Lego executive.

The company is particularly anxious to preserve its reluctance to espouse anything that reflects the violence of the 20th century. Even though the company's products include miniature pirates and knights, it bans any militaristic figures more recent than the first world war. This dates from the time when Godfred Kirk Kristiansen, Mr Kristiansen's father, was running the company in the 1940s, when the company made a wooden toy pistol. His wife stopped him selling it arguing that it was better to keep the Lego culture pure.

Linked to this, Lego has decided "white-knuckle" rides that deliberately scare people do not suit its image. Its UK theme park will instead have what the company calls "pink-knuckle" rides - with titles such as Muscle Maker, Rat Trap and Bum Shaker which are meant to emphasise entertainment for the whole family.

The park is expected to attract 1.5m visitors a year to see a display of models made from Lego bricks which will feature European landmarks such as Big Ben, assembled by a team of several hundred Lego designers.

It will also feature a giant Coca Cola dispenser, a children's driving school sponsored by the Ford Motor Company, a puppet theatre staging fairy stories from Hans Christian Andersen - and five shops stocking Lego kits.

Typical of the obsession with detail is the choice for the park's main caterers: it will be Movenpick Marché, a Swiss company which is little known in the UK but which Lego deemed most capable of supplying food of a suitably high quality. In the forward march of the little Lego men and women, nothing is left to chance.

Golden nuggets in an African portfolio

Kenneth Gooding on the battle for influence over the future of Lonrho's mining assets

Those who believed the controversy and confusion that frequently dogged Lonrho would end once Mr Tiny Rowland, the UK conglomerate's redoubtable founder, bowed out were quickly proved wrong. Mr Rowland made his final exit this week by selling his 6 per cent stake in Lonrho to Mr Dieter Bock, the German property developer he brought in to succeed him as chief executive, with whom he has been battling ever since.

The shareholding was immediately sold on to Anglo American Corporation, South Africa's biggest company. Although the £91m paid was small in comparison with Anglo's profits which were almost £3bn (£500m) last year, it has caused dismay and anger in the boardrooms of rivals.

As part of the sale, Mr Bock has given Anglo first right of refusal on his 18 per cent shareholding in Lonrho should he want to sell. Anglo says it has no plans to make a bid for Lonrho as a whole, but analysts expect it to build up its stake in the mining side when Mr Bock demerges it.

This puts Anglo in a strong position to influence the future of Lonrho's mining assets and may also have blocked plans to create the world's largest platinum producer involving Gencor, one of Anglo's South African rivals.

The most attractive target in the Lonrho mining portfolio is its 37 per cent stake in Ashanti Goldfields of Ghana, one of the handful of companies that produces more than 1m oz of gold a year. Privatised in 1994 at the prompting of the International Monetary Fund, it is keen to expand by helping other African countries develop their gold mining industries.

Mr Sam Jonah, chief executive, believes the company is poised for substantial growth on its home ground in Africa.

"In future there will be a handful of big international mining companies operating worldwide and Ashanti will be one of them," he

says. "It will be the biggest player in Africa."

Mr Jonah says there is tremendous goodwill towards Ashanti because it is an indigenous African company. His company can also offer excellent technical expertise: nearly every type of mining method is employed at its Obuasi complex. This includes the world's biggest plant for re-leaching gold by using bacteria to break down rock.

The company is determined to remain independent and believes its African neighbours would view it less favourably if Anglo became a major influence. Mr Rowland had built up relationships with many African leaders, but Anglo, while respected, is not liked in many parts of Africa mainly because it is seen to be big and arrogant.

Ashanti's merchant bank, Deutsche Morgan Grenfell, and its broker, James Capel, have been work-

ing on defence plans against takeover for some time. They would be able to call on the formidable backing of flight lieutenant Jerry Rawlings, president of Ghana, against a takeover. He sees the recovery of Ashanti from a relatively moribund state to an "African success story" as a reflection of how Ghana led the way in Africa towards economic reform.

Anglo could probably make use of Ashanti's management expertise: in its South African gold business, costs have risen and output has fallen and the management of the gold division has recently been shaken up. But Mr Julian Ogilvie Thompson, the chairman of Anglo, says he hopes the Lonrho shareholding will lead to joint ventures with Ashanti.

Ashanti has already teamed up with Inamgold, a Canadian company, to spread the cost and risk of exploration in Africa. Anglo's stake

means that it will be able to demand a say when some projects are developed.

Anglo's lightning strike has also wrong-footed Gencor, which has recently been reorganised as an international mining and metals group. Mr Rowland says that Gencor recently made an offer for the shares he sold to Mr Bock. Gencor already has some gold joint ventures with the UK group but more significant is the planned merger of its Impala platinum company with Lonrho's platinum interests in South Africa.

The merged company would overtake Rustenburg Platinum, an Anglo company, as the world's biggest platinum group. Anglo's stake in Lonrho thus increases the potential market share of the combined companies - making it more likely that the Gencor plan will be blocked by the European Commission which has already

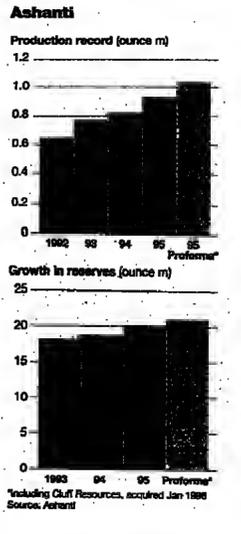
started an investigation into its impact.

Mr Ogilvie Thompson denies that Anglo intended to spoil the platinum merger and doubts whether Anglo taking a 5 per cent stake in Lonrho will give the Commission extra cause for concern.

"This minority holding in Lonrho is an important long-term investment for Anglo American," he says. "It complements our existing African interests."

However, there is no doubt that the immediate beneficiary of the sale of Mr Rowland's stake in Lonrho is Mr Bock himself. He wants to demerge the Lonrho mining interest as one piece and the Anglo deal gives him a chance to do that without predators intervening.

As one of his associates comments: "He has swapped Tiny [Rowland], who was always sniping, for Anglo, a supportive shareholder. That can't be bad."



CURRENCIES AND MONEY

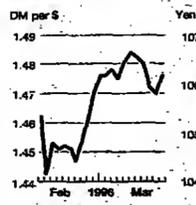
MARKETS REPORT

Dollar soggy

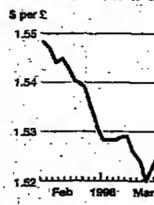
By Philip Gawth

The dollar was yesterday dragged below DM1.47 by the US bond market, only to recover later on rumours of an incident involving a US vessel or plane in the Taiwan Strait.

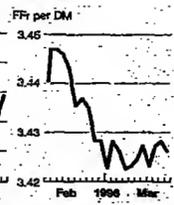
Dollar



Sterling



D-Mark



The dollar yesterday showed difficulties encountered by Mr Jose Maria Aznar, winner of the recent election, in constructing a coalition government.

Anything that is seen as delaying EMU strengthens the case for being in D-Marks.

The strength of the Swiss franc this week was the focus of discussion, with some observers detecting a parallel with the strong yen a year ago.

stepped down as Bank of Japan governor in December 1994. "It is as if he (Gasser) does not want to be remembered as the man who ignited the great inflationary boom," said Mr Turner.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Mar 15, Closing mid-point, Change on day, Bid/offer spread, Day's Mid high, One month Rate, Three months Rate, One year Rate, Bank of Eng. Index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Mar 15, Closing mid-point, Change on day, Bid/offer spread, Day's Mid high, One month Rate, Three months Rate, One year Rate, JP Morgan Index.

CROSS RATES AND DERIVATIVES

Table with columns: Mar 15, Bid, Offer, Dkr, Ffy, DM, £, L, FI, Nkr, Sfr, £, CS, \$, Y, Ecu.

EUROPEAN CURRENCY UNIT RATES

Table with columns: Mar 15, Ecu unit, Rate against ECU, Change on day, % chg on 1st week, % spread, Div.

UK INTEREST RATES

Table with columns: Mar 15, Over-night, 7 days notice, One month, Three months, Six months, One year.

THREE MONTH STERLING FUTURES (LFFE) £500,000 points of 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

BASE LENDING RATES

Table with columns: Bank Name, Rate, %.

WORLD INTEREST RATES

Table with columns: MONEY RATES, March 15, Over-night, One month, Three months, Six months, One year, Lomb. inter., Dis. rate, Repo rate.

Table with columns: LIBOR FT London, Interbank Floating, week ago, US Dollar CDs, week ago, ECU Linked Ds, week ago, GDR Linked Ds, week ago.

EURO CURRENCY INTEREST RATES

Table with columns: Mar 15, Short term, 7 days notice, One month, Three months, Six months, One year.

THREE MONTH EURO FUTURES (MATE) Paris interbank offered rate (FF100)

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

THREE MONTH EUROMARK FUTURES (LFFE) DM1m points of 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO DOLLAR FUTURES (LFFE) £1m points of 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO SWISS FRANC FUTURES (LFFE) Sfr1m points of 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

THREE MONTH BCU FUTURES (LFFE) £1m points of 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO DOLLAR (DM) \$1m points of 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

US TREASURY BILL FUTURES (MM) \$1m per 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

EUROMARK OPTIONS (LFFE) DM1m points of 100%

Table with columns: Strike Price, Mar, Apr, May, Jun, Sep, Dec, Puts.

PHILADELPHIA EUR/USD OPTIONS (LFFE) \$1m points of 100%

Table with columns: Strike Price, Mar, Apr, May, Jun, Sep, Dec, Puts.

EURO DOLLAR OPTIONS (LFFE) £1m points of 100%

Table with columns: Strike Price, Mar, Apr, May, Jun, Sep, Dec, Puts.

OTHER CURRENCIES

Table with columns: Mar 15, £, \$, DM, Sfr, Yen, etc.

LONDON MONEY RATES

Table with columns: Mar 15, Over-night, 7 days notice, One month, Three months, Six months, One year.

THREE MONTH STERLING FUTURES (LFFE) £500,000 points of 100%

Table with columns: Mar, Open, Settle, Change, High, Low, Est. vol, Open Int.

BASE LENDING RATES

Table with columns: Bank Name, Rate, %.

EURO DOLLAR OPTIONS (LFFE) £1m points of 100%

Table with columns: Strike Price, Mar, Apr, May, Jun, Sep, Dec, Puts.

UK clearing bank base lending rate 8 per cent from March 5, 1996

Table with columns: Cets of Tax due (£100,000), 2%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%.

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YOUR CUSTOMERS WILL SEE RIGHT THROUGH US

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FT GUIDE TO WORLD CURRENCIES
The FT Guide to World Currencies can be found on the Markets pages in Monday's edition.

Weekend FT

Troubled times for Japan's financial system mean a lucrative line of business for gangsters. Gerard Baker reports

In the heart of downtown Osaka, in a jumble of streets known as Shimanonchi, a gleaming new marble and glass building rises from the urban undergrowth.

The "La Forêt Tensho" (in Japan, a bit of French on your front door is a sure indication of glamour and chic within) is a 15-storey palace of luxury apartments. It promises its residents quiet seclusion from the surrounding urban grime and, for the monthly payment of a sum that would buy a house in some parts of Asia, offers peace of a sort.

But to Japan's police and prosecutors, to its bankers and those charged with solving the country's intractable financial mess, La Forêt represents something much more sinister. On the fifth floor, apartment 507 is, according to the authorities, occupied by a member of one of Japan's organised crime gangs, the *yakuza*. His presence means that the building has become untouchable, a potent symbol of a new and virulent blight affecting the country's financial system.

The occupant of apartment 507 is, in effect, squatting. His presence prevents the building being repossessed. He is in a new and, in these troubled times for Japan's financial system, lucrative line of business for gangsters.

Organised crime is, as you would expect in Japan, just that. Official estimates suggest there are about 75,000 members of *yakuza* gangs throughout the country.

Around the corner from La Forêt in local bars, the *yakuza* are in their pomp. Wearing trade-mark tightly permed hair, white winkle-pickers and covered in tattoos, they still play the role of friend of the little guy, a Robin Hood-like defender of the hardworking citizen from the pushy bureaucrat or the heartless businessman.

In the past they earned their money mostly from traditional business - pimping, gambling, protection and a rake-off from their Robin Hood business.

Their activities were widely accepted - approved even. Provided they kept their activities largely to their own *demi-monde*, they could be a useful component of the complex social system that keeps Japan ordered and mostly peaceable.

But as the country has tumbled through its most serious post-war financial crisis in the last four years, the role of organ-

ised criminals has moved towards the centre of economic activity. With each new banking collapse, it has become clearer that they are deeply enmeshed in both its origins and the failure to solve it.

"For years organised criminals have been tolerated. But their role in the financial collapse of the last few years has demonstrated the enormous and damaging power they have in the economy," says Ritsuke Miyawaki, a former police officer who investigates organised crime for private sector companies. Gangs, he says, are the "fifth estate" of Japanese society.

It has been in buildings such as La Forêt that they have been at their most effective. It was built a few years ago by a local company called Sueno Kusan, one of hundreds of real estate developers in the city that got rich quick in the racy years of the so-called bubble economy.

They built dozens of apartment buildings and offices in Osaka, mostly with money bor-

rowed from banks and the country's now infamous housing loan companies. Four years later, the land on which these excesses were built is worth not much more than a third of what many companies paid for it. Sueno Kusan, like a host of others, is technically bankrupt.

The occupant of apartment 507 has sitting tenants' rights of a particularly exclusive sort, the kind banks are best advised not to argue with. Police say there are hundreds of similar buildings in Tokyo and Osaka. So far their landlords have made no serious attempt to remove the *yakuza*, so no one knows how they might respond. But they can guess. Dark threats have emanated from gangs' headquarters. Any attempt to dislodge them "will be bloody", said one.

This form of squatting is probably the most lucrative form of business the *yakuza* engage in. Surpassing the coarser attractions of pimping and gambling, real estate occupation has become a multi-billion dollar fund-raiser. By some estimates, the gangs may have a stranglehold on up to 10 per cent of all the country's bad debt collateral, to a value of at least \$30bn.

In an office that overlooks the site of the city's 16th century castle, Osaka police offi-

cer Mamoru Hanafuse has the job of uncovering the truth about the *yakuza*'s increasingly aggressive involvement in the financial services industry.

Occupying the entire wall behind him is a magnetic board detailing *yakuza* movements - the most comprehensive map of organised crime in Osaka.

His chart shows how gangs are organised in hundreds of families - with a don, or an *oya-bun* at the top. The *oya-bun* demands allegiance from gang members, who must demonstrate it by acts of good faith and devotion. The families nearly all belong to one of three umbrella organisations.

The methods of the *yakuza* have progressed in sophistication in line with the progress of the Japanese economy," Hanafuse says.

The irony, he explains, is that this increasing sophistication of a legal clamp-down on organised crime that began in 1992. In that year, a law was

passed outlawing much of their traditional business - protection rackets, gambling, blackmail and the sex industry. Until then, gangs had been free to operate in their own twilight world, largely unmolested by the authorities.

"They used to be confined to a kind of dark criminal underworld. Now they are out in the broad sunlight of the normal world," Hanafuse says.

Some of the *yakuza* themselves suffered in the collapse of the bubble economy. Many had borrowed money from banks for property speculation and faced bankruptcy. Newspapers were full of the demise of the gangs. One favourite story concerned the popular habit among gang members of cut-

ting off each other's little fingers - usually for some minor infraction of gang rules. Unfortunately, the tell-tale absence of a little finger was of little help when trying to get a respectable job. So by the early 1990s, a new business had been spawned - doctors who made small fortunes from prosthetic surgery - sewing big toes where the fingers used to be.

But for the more resourceful gang members, the country's financial crisis provided an opportunity as much as a threat.

In the lobbies of smart hotels in Osaka and Tokyo, clusters of sharp-suited chatter incessantly into mobile phones.

Continued on Page II



Mob rule: Japan's mafia

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Hugh Dickinson, Dean of Salisbury

No answer to the endless cry

How can the wider community come to terms with the murder of schoolchildren?

No grief so rends the heart as the death of children. Two little girls run over in the street in a Dorset village send such a shock of agony through a small community that many more than those immediately bereaved feel the pain and weep for the pity of it. The whole community is wounded. In such places the whole community can draw together and mourn. The village church still offers a sacred space and ancient rites which act as a container for the corporate grief, even for those who have no conscious personal religious faith.

Sometimes a pastor with a sensitive heart and a gift for words can find a phrase or an image which touches the wound for everyone in the crowded, dusty space. They leave feeling what? Not comforted, I think, nor illuminated by the parson's wisdom. Bland consolations are a kind of blasphemy to such grief. There is no easy healing, perhaps no healing ever for such wounds.

Perhaps they feel they have come together in shared pain and their crying out has somehow been heard.

One reporter has told us how long before he reached the school gates in Dunblane he could hear the keening of the women on the bitter wind of this awful day of March. That crying out - "Rachel weeping for her children because they are not" - is as old as human history.

The Jews, of all people, know about the death of children; they have the most astonishing repertoire of public mourning preserved in their sacred scriptures and their annual rites.

The Lamentations, written for the destruction of Jerusalem and the Temple, are perhaps the most eloquent testimonies of grief in any human language.

We still use them in our liturgy as we cry out for Bosnia and Rwanda and Belsen and Aberfan, and now for Dunblane. With a wise profundity there is no answer offered to that endless cry.

At the level of personal bereavement the wise counsellor knows that no answer will serve. There are no words in any language with which to address the death of children.

Hoping to find words, I once asked a friend who had been comforted by her local rector after her 17-year-old son had been killed on his motor bike. What had the old priest said to her? "Oh, no," she said. "He didn't say anything. He just sat beside me and tears ran down his cheeks as he kept repeating, 'That lovely boy, that lovely boy'."

But what can we do at the public level, now that not just Scotland but Britain is a village? We can hear the women weeping and the shocked faces appear on our

There are no words with which to address the death of children

wracked by the extremes of human feeling.

But in a secular society we seem bereft of any process, other than endless reports, to help us work through these deep communal experiences of trauma.

Teams of counsellors can be sent in to Dunblane to help the parents, the children and the wider community. Lots of unwanted offers of help will also arrive from people whose own pathology feeds on the excitement. Politicians of all parties will be keen to have been seen to be deeply concerned.

Dunblane, at least, is fortunate in having a cathedral in which the community can gather and a still living tradition of religion which can hold and bear their communal grief. But personal grief is private and sacred. Public interest is no excuse for intrusion into sacred places.

I suspect that all this media attention and the constant repetition of terrible personal experiences and exposure of terrible personal grief makes it more difficult for a traumatised secular community to do the essential work of corporate lamentation and to devise meaningful ceremonies with which the communal grief can be held and acknowledged.

Everything gets distorted. There were some simple and spontaneous ceremonies after the Hillsborough disaster which clearly struck a chord in that devastated community. Perhaps football clubs are like villages sometimes. Perhaps a stadium can be a secular cathedral. But with what words, what music?

The British pride themselves on their sense of ceremony. We're good at royal funerals; competent with Remembrance Day observances; capable of grand solemnities after a war.

But what, I wonder, would we do after a defeat or if we had lost a war?

We have no public ceremonies for loss; and what more terrible loss can there be than the murder of children by a mad gunman in a school?

Perhaps we should have a two minutes' silence on all the airways and hear only the voice of Kathleen Ferrier singing Mahler's *Kinder Toten Lieder* and all weep for the pity of it. Aberfan, Ellsborough, Hungerford, Dunblane.

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PERSPECTIVES

The Nature of Things

Getting your breath back

Andrew Derrington discusses a hopeful surgical treatment for emphysema

Imagine that large parts of your lungs allowed air in but not out. Not only would the rest of your lungs have to work harder in order to keep up the supply of oxygen to the blood, you would have to fill your chest very full in order to get any air into them.

This is exactly what happens in emphysema. Sufferers can have barrel chests - their lungs are sometimes 50 per cent bigger than normal - but they are severely disabled by breathlessness.

The normal lung looks like a sponge. Its main job - transferring oxygen from the air into the blood and sending carbon dioxide in the opposite direction - takes place in the walls of its millions of tiny cavities, which are called alveoli.

The rate at which the lung exchanges oxygen and carbon dioxide depends on the total area of the alveolar walls, which is about the same as that of a tennis court. In emphysema, alveolar walls dissolve, forming fewer, larger cavities with less total surface area.

But what is worse, when the sufferer tries to breathe out, the large alveoli make the airways collapse and block the flow of gas.

To get an idea of what it feels like, take a deep breath and then breathe very shallowly while keeping your lungs almost full. It is uncomfortable to do this if your lungs are healthy and you can let the extra air out whenever you want. But if you do not have that option, it is a nightmare.

The problem is widespread. Chronic obstructive pulmonary disease, which consists of a variable (and unknown) mixture of emphysema and chronic bronchitis (inflammation of the airways),

affects between 10 and 15 per cent of middle-aged men in the UK and about half that proportion of women.

"Dealing with this kind of breathlessness is a very depressing business," says Michael Morgan, a chest physician at Glenfield Hospital in Leicester. "There's nothing you can do to relieve it."

Despite its prevalence, COPD is something of a forgotten disease. It came to prominence in the 1950s when the links between smoking and ill-health were first established.

Since then, the lack of effective drug treatments has tended to make doctors lose interest. But the

American and European Thoracic societies have recently published guidelines for its management and the British Thoracic Society will shortly follow suit.

Two new approaches to COPD give some cause for hope. One, rehabilitation, is obvious and apparently mundane. You simply teach patients to live with their nightmare symptoms and take exercise despite their breathlessness. They do not lose their symptoms, but they do become healthier and happier.

The other treatment, known as volume reduction surgery, is more radical. A surgeon simply removes the worst affected parts of the

lung. This approach is not as simple as it sounds, though. There are two big problems.

First, it is difficult to reshape a lung surgically. The spongy alveolar walls are full of blood vessels. Once you cut a bit out, it is very difficult to seal the lung so that it heals. In recent years new stapling devices, which seal the cut surface with a sort of cling film made from a membrane that comes from cows' hearts, have made it possible for surgeons to remove only the bits of lung that they want to and leave the remainder in a viable state.

The second problem is that until recently it has been impossible to

identify which bits of lung to remove. Occasionally the emphysema forms a single cavity, known as a bulla, which can be as big as three or four litres in volume. Bullae show up on a chest X-ray.

"They are very rare, and you're always pleased when you find one because you know something can be done about it," says Morgan. Surgeons have been removing bullae successfully for more than 10 years.

In patients without bullae, detailed CT scans must be taken to measure the relative amounts of air, tissue and blood in different parts of the lung. A few years ago

Morgan was part of a team that spent months scanning leaves of fresh bread (almost identical in appearance to lung on a CT scan) into which precise amounts of water had been injected, in order to find out how to identify patches of emphysema.

A number of surgeons on both sides of the Atlantic are carrying out volume reduction surgery, mostly on carefully selected patients who have patchy emphysema.

Initial results are causing great excitement. After the operation patients breathe better and enjoy life more. It is still too soon to assess long-term benefits but some doctors are hopeful that the technique will brighten the outlook for a wide range of patients.

Even so, it will be on uncomfortable wait if you have to hold your breath.

The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

The art of renting paintings

Want to hire a Canaletto? Grania Langdon-Down tells you how

Tony Howe was being entertained by a company at a stately home when he noticed an unsightly gap on the wall where a Titian had been hanging. It had been sold to help with the upkeep of the house.

"The image of people having to sell the family silver to survive stayed in my mind," explained Howe, a solicitor and insurance adviser.

On another occasion, it struck him how much a quality painting in the boardroom enhanced a company's corporate image. But, for many, buying an expensive work of art was not considered an appropriate use of company funds.

In the meantime, Howe was offering Lloyd's Names "stop loss" reinsurance - a way for members to restructure their losses.

Gradually the gap on the wall, the improvement to the boardroom and the pressures on people to raise money came together in his head and a new business venture emerged.

Howe, 48, chairman of the still embryonic Langford Fine Art Collection, said: "People were being forced to sell family treasures to meet their losses. Yet many regarded themselves as trustees of the paintings or other works of art, responsible for them for that generation, rather than potential sellers."

"Keeping a valuable painting also costs money in insurance, maintenance and security. Many people are forced to keep them in storage, with no one getting pleasure from them."

"The idea formed in my mind that surely it would be better to create some sort of rental market for fine pictures so the owners could raise an income from them instead of selling."

But would the owner of a Canaletto write off to an unknown organisation and say "this is my address"? It was difficult at first but they have already been asked to take on a Canaletto valued at £850,000 and a Reynolds portrait worth £1.5m.

Once he had the idea, Howe sounded out a chartered accountant friend, Simon Noakes, senior partner of London accountants Beavis Walker, about setting up a

company to act as go-between in hiring works of art to corporate clients.

Noakes was enthusiastic but both were too busy to run the scheme themselves: Howe is joint managing director of Indemnity Management Services, which offers professional indemnity cover in the financial services and construction industries.

Howe said: "We were not dealing with something that would be very capital intensive. Location was also not important because we would be marketing the pictures through a computer catalogue."

The first steps were to find out whether they could get the pictures and, if they did, whether anyone would want to hire them.

"We cast round Yellow Pages and picked out International Art Consultants, a London outfit which leases contemporary art and has quite an impressive client base," Howe said.

"Their initial reaction was cool. But they took soundings and felt quite confident that there was a market for art for hire."

International Art Consultants' chairman Peter Harris, 53, and director Andrew Hutchinson, 44, came on board as shareholders and hiring agents.

Noakes then suggested two friends - Margy Cockburn, 42, a freelance journalist, and Susan Ahlquist, 43, a former civil servant - as joint managing directors, responsible for finding the works of art.

The first meeting of the six people now involved was held in May last year and the company was officially launched in the autumn. Cockburn juggles the new venture with commissions for dried flower arrangements, providing bed and breakfast at her 17th century farmhouse and looking after three young sons. She and Ahlquist devised a brochure explaining the new venture.

Cockburn said: "It was not terribly successful but it started people thinking about the possibilities. There is a great conservatism about English art owners."

"However, we are overcoming this. We are very conscious of the need for confidentiality



Margy Cockburn, Tony Howe and Susan Ahlquist: conscious of the need for security

and security. We do not even store details on computer typing people with their art."

While they have yet to see a deal through to a painting actually hanging on a boardroom wall, the next stage is to launch a selection of works on their first computer catalogue on Wednesday. This will include 20 items showing the range of paintings and textiles in the collection.

Cockburn, who has travelled the length of England in her search for suitable works of art, said: "We have some pictures which are unique and instantly identify their owners. At first, those owners did not want the paintings in the catalogue and wanted them marketed separately."

"While we will do that if

asked, most have now agreed to having their paintings in the computer catalogue because we are only making two copies and these will be taken personally to the corporate clients for them to study."

To hire a Sargent for 5 year, valued at more than £800,000, would cost about £10,000, while a Hogarth oil worth £200,000 could cost £5,000 a year.

Langford's takes a 30 per cent commission from the rental payments, paid to the owners quarterly in arrears. The owners do not have to pay for the work of art to be included in the catalogue but must agree to it being available for hire for a minimum of two years. They will have a veto over any hire arrangements, which will last a mini-

mum of a year, although they can get it back with three months' notice.

Howe said the owners could also earn royalties if there proved to be a market for the catalogue itself, or their paintings were used for promotional material, such as calendars, Christmas cards or even internal computer screen savers.

The hirer takes on the costs of packing, transport, installation, insurance - about 0.5 per cent of the value - and maintenance from the time the work of art leaves the owner's home until it is returned.

Howe said it had cost about £20,000 to get the venture off the ground, with a substantial proportion going on legal and tax advice.

Once the computer catalogue

is launched, the business will be "commission driven" with a percentage going to Ahlquist and Cockburn for finding the art and Harris and Hutchinson for placing it. The rest will go into the pot to be shared between the six shareholders.

As the lowest annual rentals will be about £3,000 a year on paintings valued at about £25,000, Howe said they would be able to break even hiring out about 40 paintings a year.

"If we hire out 100 paintings at an average of £5,000 a year, that would mean turnover of £500,000 and profits in the region of £50,000," he said.

The Langford Fine Art Collection, Langford Farmhouse, Alhampton, Shepton Mallet, Somerset BA4 6PY. Tel: 01749-80611. Fax: 01749-80632.

Letter from Ulster / Kieran Cooke

Soldiers on the lawn

We were leaning against the Aga in the kitchen of a crumbling Georgian pile on the Northern Ireland side of the Irish border. The hostess, a lean and fit 78-year-old of normally unflappable disposition, was flustered.

"The soldiers are back," she said, pointing out of the window. "I do hope they don't trample over my snowdrops."

I looked. Sure enough, a patrol was walking gingerly across the meadow. Boot polish on their faces, camouflage gear showing up clearly against the lush green.

"They have been away for ages," said her ladyship. "It's so depressing that they feel they have to come back."

As we watched, the last man in the patrol wheeled round and lifted his gun, the better to peer down his telescopic lens at us. He would have seen the sherry shaking in my glass.

Life is always a bit strange out here on the periphery of Europe. These days it verges on the surreal.

You cannot turn on a radio or TV without hearing someone or other pontificating about the dire state of affairs in the province. The political scene becomes more entangled by the day. Northern Ireland, a relatively small stretch of land with a population of 1.5m, must be one of the most intensively talked and written about places on earth.

Everyone, it seems, is just counting the days until the gunmen start up again and the dismal cycle of violence begins. Meanwhile, what of life here? Is this vision of crisis the real picture? On the surface, decidedly not.

I was last in Northern Ireland in 1992. In those days sectarian killings were a weekly, if not daily, occurrence. Drive round a bend on a dark country road and there would be the flashing lights of an army roadblock, the hedge-rows bristling with firepower.

Fear of car bombs often made city and town centres tense places. The smaller border roads were blocked by ugly concrete barricades. Helicopters with cameras capable of recording whether or not you suffered from dandruff clattered overhead. The forbidding grey armoured Land Rovers with soldiers poking their guns out the back were a common sight.

Now, in spite of the end of the IRA ceasefire, there is little of all that. Police might wear bullet-proof vests. Army patrols have been brought back in some areas. But life is hardly as tense as it is por-

trayed to the world.

Northern Ireland has always been a surprise to the visitor. I once came across two Italians in the middle of Londonderry's Bogside district. The sun was shining. Housewives were out polishing their doorstep brass. Not a gunman in sight. Not even a siren to disturb the ordinariness of it all.

"Where the trouble?" they asked frustratedly. "Have you seen Napoli or Palermo? Much worse." They stalked off, looking as if they would lodge a complaint with the tourist authorities.

Of course, the potential for a renewed outbreak of violence is always present. In some ways a generation has grown up knowing nothing but murder, house searches and bus burnings. In spite of recent economic improvements, Northern Ireland still has the highest unemployment rate in Britain.

But there are other less publicised figures. More BMWs and Mercedes are sold in parts of Northern Ireland than anywhere else in Britain. Over the years London has thrown a great deal of money at the province's problems.

Northern Ireland has some of Britain's best and most under-utilised infrastructure. It has a thriving black economy. There is plenty of wealth about.

Some years ago one of the Republic's agricultural barons came up to Northern Ireland to try to take over a small country co-operative. "I can make you all millionaires," boasted the southerner. The northern farmers, Protestants to a man and not kindly disposed to intruders from the 26 counties, were unimpressed. "We already are millionaires," said one.

The killing statistics are frightening. Yet the rate of so-called ordinary crime is the lowest in Britain. In many areas people still feel secure enough to leave their front doors open, or have the key hanging from the lock.

I was once talking to a senior police official in Belfast. A big man with a voice that would make a parade ground sergeant sound like the most delicate soprano. I asked about the violence. His hand, the size of an Irish steak, asserted considerable pressure as it gripped my thigh. He beckoned me to within 5m of his ruddy face.

"Mr Cooke," he said, taking a breath that was sucked all the way from the Giants Causeway. "We Ulster people are very law abiding people. It is just that we have the unfortunate habit of killing each other."

Continued from Page 1

Their job is to find out and pass on information about bankrupt companies and the property they own. Their work - called lobby diplomacy - is a productive one. Teams of financial analysts scour reports looking for companies in trouble. Having picked a target, they take out a lease on an office or apartment in the company's building. When the company files for bankruptcy, they declare themselves. Any attempt to auction the building suddenly becomes more difficult since would-be buyers do not want a building with an on-site gang member.

They use a variety of more direct methods. They have proved adept at staging demonstrations in which gang mem-

bers come to call. No one wants a building with militant fanatics in it, either.

For the bank or finance company that owns the mortgage, there are two unpalatable choices. Either they go through Japan's complex legal eviction process which can take years, or sell the building anyway. When the auction goes ahead, the only buyers are the yakuza's organisation itself, which can pick it up for a fraction of the market cost.

Yoshiaki Shinozaki has spent his entire professional life in pursuit of the Mob. A lawyer in Tokyo, he specialises in trying to help companies

well to the present financial climate.

Yet the story is not quite a simple morality tale of innocent property speculators at the mercy of unscrupulous gangs. As ever in Japan, it is not always easy to tell the victims from the criminals. While it suits companies to present themselves as victims of the gangs, the truth is in many cases different.

In the 1980s, the yakuza were useful allies for the less scrupulous companies in bypassing Japan's inconvenient property laws. An expensive estate on an attractive piece of land just ripe for development can be thwarted by the refusal to

euphemism, as *ji-oge*, meaning "land-raising". The gangs would persuade residents to move out. Usually it was enough for the yakuza just to suggest a move, but sometimes a little extra persuasion was necessary.

A typical case would involve an escalation of nastiness until the occupant yielded. It might begin with mild nuisance - loud music played outside the house day and night, or a sudden conference of noisy motorcyclists. If that failed, there would be physical intimidation - windows smashed, cars damaged and personal harassment. The really stubborn would be beaten up.

Some property developers

Now it seems, in the slow demise of Japan's economy, they are simply collecting their dues from the companies they have assisted. The police have identified 24 companies as having Mob connections. And the relationship between criminal and property developer sometimes went further.

The police say there have been many cases in Osaka and Tokyo where companies have got yakuza to move in as soon as they feared bankruptcy, as the best form of protection against repossession.

"It can be very useful to have gangsters in your buildings," says Hitoshi Yamada, another lawyer specialising in organised crime and a leading

In other words, the relations between gangsters and the companies they now threaten was often symbiotic. In the good times for Japan's economy, no one asked many questions about organised crime.

Since everyone was benefitting it would have seemed absurd to spoil the party by delving too deeply into the sordid activities of companies. But with the collapse of the country's economy, the veil has been lifted from the system's inner workings, revealing an intricate machine spinning corrupt connections between lenders, property speculators and the Mob.

Miyawaki says: "We have seen a change of consciousness

Mob rule: Japan's organised crime gangs

1990s have given them a superiority complex. They looked after the interests of supposedly respectable institutions, so why should they not feel a certain ascendancy over them?"

As if that were not enough for Japan's long-suffering non-criminal citizens, there is one more indignity. All this corruption is soon to be conjured away in a blur of public money. The government is committed to spending a hefty sum of taxpayers' funds in bailing out the country's housing lenders, which lent too extensively to criminal-related companies. The state will, in effect, be paying back money that will never be recovered from the criminals themselves.

As Yamada says: "The real villain in all this is the government. The bail-out will ensure

PERSPECTIVES

Students log on to the virtual campus

Rebecca Warden takes a tour of the first tailor-made web for study in Catalonia

Early Saturday morning on a train in Spain. Hills, mountains and yet more hills slide past the window as I prepare to visit the world's first entirely virtual campus, the Open University of Catalonia. Designed to make it as easy to study in a small village up in the Pyrenees as in the centre of Barcelona, the OUC opened for business last September.

The idea of the open university has been around for many years, but this is the first to be built from scratch around communications technology.

The first 200 OUC students, scattered across this region of north-eastern Spain, are connected to lecturers, tutors and hi-tech resource centres via a tailor-made web. They can ask questions, compare notes and send work via electronic mail. They can chat in the virtual cafeteria or swot for exams by consulting the virtual library, all without leaving their homes. The pilot group of students is studying business studies of educational psychology and uses Catalan as the language of instruction. By 2000, there will be 11,000 students.

The local press has raved about the OUC, but I am feeling less enthusiastic. "A load of spotty computer nerds in anoraks hatching an about the super information highway," I moan. In reality, the students turn out to be a mixed bunch. Gathered in the small town of Manresa for a rare study weekend, most seem to favour the Spanish smart casual style of dress. Not an anorak or a pimple in sight.

Jordi Agudo had to drop out of his course at the University of Barcelona a few years ago. Now 28 and working for the gas company, he has decided to try business studies at the OUC. Although students do

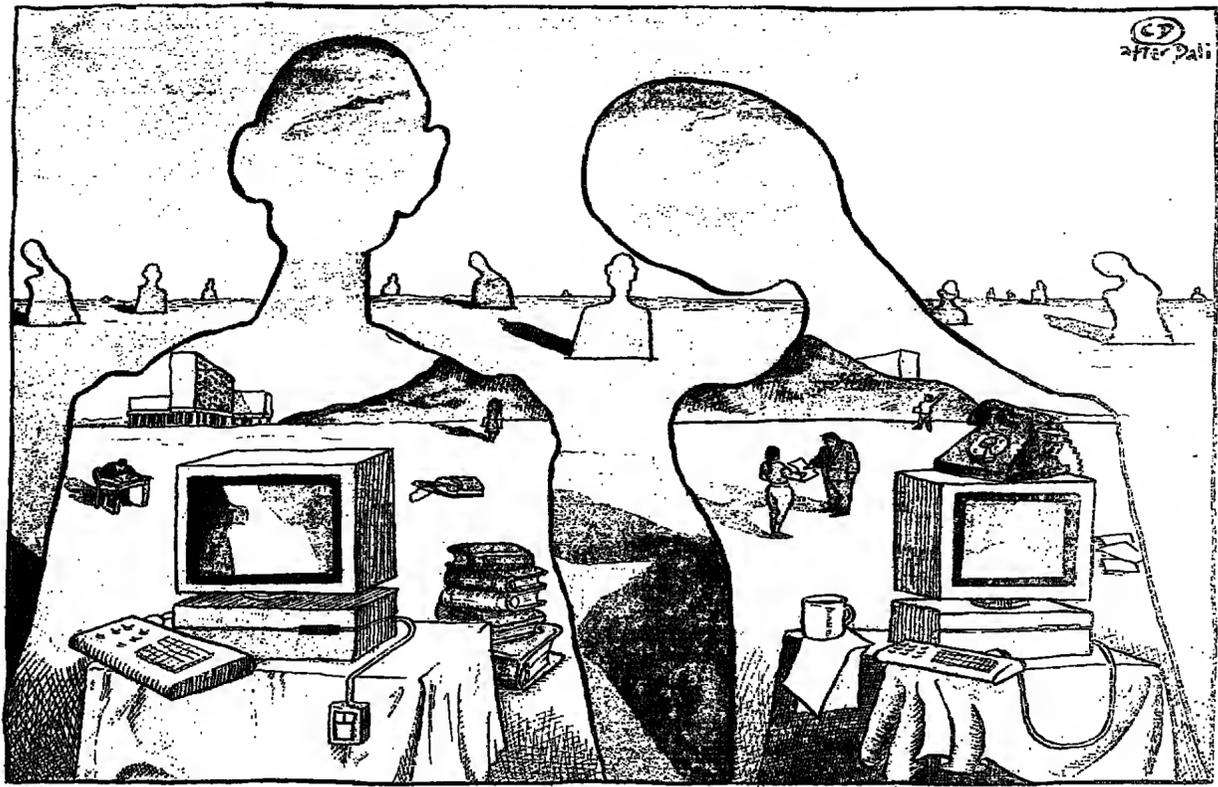
receive some coursework by post in the shape of conventional textbooks, contact with tutors and teachers is mainly via electronic mail. Agudo is surprised to find he has more frequent and personalised contact with teaching staff now, by means of short messages transmitted down a telephone line, than when attending classes at a conventional university.

Each student is assigned a personal tutor, which is unusual in Spanish universities. Tutors and teachers are drawn from Catalonia's seven state universities, and like the students, the OUC is fitted in around their other commitments. This is possible because e-mail is an asynchronous system, with messages sitting in a mailbox until the recipient attends to them.

Learning via new technology changes the way students relate to each other. The busy social whirl, the student clubs, cheap bars and intense conversations over a cup of tea we associate with university life, are not an option for the OUC students. The students do interact in the virtual campus nonetheless, as the 35,000 connections logged during the first four months show. So how do these people talk? And what can a group of students who hardly ever meet have in common?

Maria Ivern, 38, works with the mentally handicapped in the wine-growing town of El Vendrell and is studying educational psychology. She admits to finding e-mail friendships very different. "I find it hard to talk via a computer," she says. "You don't know what words to use because you don't know how old the other person is." Once she has met someone face-to-face, the talking becomes easier.

Inaki Azkone, however, a teacher in an experimental primary school, finds the anonymity of e-mail



makes people more open. "It doesn't matter who it is you are talking to because you can't see them," he says. "It gets rid of the shyness you sometimes feel in person." For him, the newness of the OUC shows in inconsistencies in course content. Nati Garcia, 28, a primary school teacher in Barcelona, finds the competitiveness of her days at a small private university missing in her dealings with fellow OUC students. When her computer stopped working recently, she says, advice and offers of help flooded into her mailbox. The very isolation of distance learning encourages co-operation. Nevertheless, conversations tend to stick to academic affairs. The lack of a student social life may not be all bad though. For mature students "people with jobs and who already have a circle of friends and

maybe children - a new social life is not always a high priority.

Fresh from my encounters with the students, I met the rector for a guided tour of the virtual campus. Professor Gabriel Ferraté, the driving force behind the university, was the head of Catalonia's highly regarded Polytechnic University for 20 years. He combines an interest in all things technical with a love of poetry and motorcycles.

A quick tour of the OUC web shows the design to be user-friendly, combining the usual aids of icon and hypertext with imaginative new features. Care has been taken to reproduce the familiar paraphernalia of student life in a new medium. Thus, there is a notice board full of advertisements for mountain hikes, and lifts from A to B and a diary of coming events in

Catalonia, as well as the virtual café where people can engage in on-line conversations.

On the academic side, course units have extra space allocated for students to engage in earnest discussions on their subject. In order to introduce a more personal note, when talking to anyone in the campus, a photo and a CV pop up.

Vice-Rector Francesc Pedró describes their search for continuous innovation as "slightly obsessive". His priority is to find a way of supplementing e-mail as the students' study lifeline. "Students need to discuss things with their teachers and to feel part of a group of people who are all in the same boat," he says.

One way could be by introducing sound and image, possibly by placing small cameras on top of the

students' computers or by some form of asynchronous video-conferencing. Staff are experimenting with ISDN, a technology capable of transporting sound and image as well as data traffic. A second project, expected to start within two years, is to produce interactive teaching materials in digital form, be it CD-Rom or laser disc.

The OUC looked to other models abroad before designing its own version. Many institutions are testing forms of technology as a way of overcoming problems of distance or timetabling. The Télé-Université of Quebec in Canada and Mexico's IteM/Seis, for instance, beam pre-recorded classes to their students' parabolic antennae by satellite.

Britain's Open University, founded 25 years ago and teaching about 200,000 students, is another

obvious point of reference, according to Ferraté. The OU has been experimenting with on-line courses since the late 1980s and now has several which use computer conferencing and e-mail. It was also the first to introduce a comprehensive system of student support.

The OUC staff are not interested in technology for technology's sake. They do not dismiss traditional textbooks out of hand, for instance, and are even considering adopting the concept to produce digital books. Moreover, introducing human warmth and promoting a sense of belonging to a university community is seen as more important than the technology. "The virtual campus is a great thing," says Pedró, "but only insofar as it serves as a metaphor for something which really exists."

The widow and her power of prayer

Edward Luce is granted a rare interview with Cory Aquino

Ten years is a long time in politics. In Philippine politics it is eternity. For Cory Aquino, heroine of the "people power" revolution which overthrew the dictator, Ferdinand Marcos, 10 years ago last month, time is a gift from God.

Since stepping down from the presidency of the Philippines in 1992, Aquino has wasted little of the creator's gift. The widow of the leading dissident of the Marcos years, Ninoy Aquino, who was gunned down in Manila in 1983 on return from a three-year exile in the US, does not usually waste much of it on journalists. On this occasion, however, the devout Roman Catholic had unexpectedly given in.

"I don't normally give interviews to journalists," she said apologetically after shaking hands. "Most of them tend to dwell on the same old questions about Imelda Marcos and all of that which tends to be rather boring. I don't think there's anything more I can usefully add."

Throwing my first 10 questions into the nearest mental wastepaper basket, I replied that it must be frustrating to see the media largely ignore the pro-bono work she has undertaken.

The former housewife spends most of her time organising aid projects such as "seed money" rural credit schemes and funding for victims of disasters, including those made homeless by the eruption of Mount Pinatubo in 1991 which so marred the end of her six-year term. Aquino warmed to the theme immediately.

"The Philippine media has a different agenda from mine. They often try to get me to say things about the government [of President Fidel Ramos] which I do not want to say. They want me to suggest that he is leading the country back to the martial law era of Marcos which is completely untrue."

Ignoring the tantalising reference to Marcos I asked her to talk about the Aquino Foundation which, in the American tradition, was created to keep alive the ideals of a presidency which has long since elapsed. Aquino talked about the link between Christianity and



Cory Aquino: still has faith

Veronica Gantaut

democracy, empowerment and moral responsibility, God and society. It would have been almost vulgar to mention Imelda in that context. The world's most famous shopholic was quietly forgotten.

Aquino is justly famous, however, for denying her interlocutors the luxury of forgetting the Supreme One upstairs. Hardly a sentence, let alone a speech, goes by without lingering reference to the guiding light of heaven.

The former president's religious faith is probably the main, if not the sole, influence on her political outlook. Such single-minded fervour perhaps explains why the widow was able so convincingly to defeat tanks and generals with little more than her faith a few years ago.

Aquino's widely supposed ignorance of the niceties of economics and political theory has earned her the epithet "a mere housewife" from critics. A brief scan of other

well-known Filipino housewives, however, shows the injustice of such flippancy. She could have been a kleptomaniac. She could have retreated to a glided convent to mourn her husband. Instead she chose to lead a movement to restore democracy. Not many housewives can put that on their CV.

"When I was president and I was faced with difficult decisions I always thought what would Ninoy have done? What were his principles?" she said. "This was always a great help in starting off my thoughts."

Ninoy's memory might not have been the final word on how to renegotiate the country's heavy debt burden or whether to make the central bank independent, but it gave Aquino the strength to launch a new constitution and to step down in 1992 when many were calling for her to run again. Besides, Ninoy was not known for his grasp of economics.

On a different subject, I had resolved to avoid asking

Aquino about the difficulties she has had with one or two surviving members of her family. As irony would have it, though, the mother of five raised the topic herself. Last year Aquino's unmarried 24-year old daughter, Kris, gave birth to a son. The father, a 47-year-old divorcee, gained celebrity status and stern disapproval from his potential mother-in-law.

The country's scandal-hungry press dined out on it for weeks. In true Philippine fashion Aquino pleaded for the subject to be dropped, then promptly faxed every newspaper a "prayer for Kris" which she had penned for Valentine's Day. On February 14, newspapers carried the prayer on their front pages with a paradoxical plea for the subject to be forgotten.

"Give her [Kris] the grace to be humble. And to admit the emptiness of her life without Your divine guidance. I am truly sorry dear Jesus for sounding impatient at times, even when I pray, forgetting that You, my Lord, love Kris so much more than I do."

To the surprise of outsiders, the media swiftly relegated the subject to the inside pages demonstrating the ability of prayer to bore even the most breathless of readers.

But the episode also demonstrated the country's strange appetite for a dash of piety with its prurience. Aquino could not have symbolised the contradiction more neatly. Unprompted, the former president mused about whether she could have been a better mother.

"It's so difficult to know how to deal with your children," she said wistfully as the interview closed. "Is it better to leave the matter in the hands of God? Or is God asking you to do it for him? I don't think there will ever be a clear answer."

Whether she ever gets a straight reply Aquino could not be accused of giving up the chase. As the most famous prayer-writer in the Philippines, the convent-educated aristocrat likes to genuflect from the front. Only a fool would deny that, in the Philippines, most of the congregation is behind her.

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1100 YEARS IN THE HEART OF EUROPE

HOW TO SPEND IT

A dog and cat fight over your pennies

The British are soppy about their pets and what they think they need, says Lucia van der Post

The British are soppy about pets. One in two households own a pet, and until recently, when it came to Britain's favourite there was no contest - "man's best friend" won paws down. But times are changing. Cats - or kittens - are gaining ground. Dogs have had a poor press (what with pit-bull terriers mauling children and rottweilers turning psychopathic) - the love affair with Rover is beginning to wear a little thin.

For the first time in years, the dog population is falling. From a high of 7.4m in 1990, it has dropped to 6.9m. In the same period the cat population has risen from 6.7m to 7.05m. The reasons for this are a little mysterious but expense is probably a big factor.

Dogs are more expensive to buy, more expensive to feed and the frills of "doggy life" can set the average household back a mighty penny. Those who have never owned a pet may be astonished to learn that in 1994 the nation spent an estimated £1.4bn on feeding its pets, and that, as with humans, the trend is onwards and upwards.

"Healthy" pet foods, you will be glad to learn, sell better than "unhealthy" ones; properly balanced diets, carefully "nutritionally gauged", are all the rage, but none of this comes cheap. Happy, well-balanced pets need more than food. They also need accessories. Last year about £78m was spent on making pet life more worth living - on veterinary care, insurance and grooming. The maladjusted might need some counselling. For the devoted pet owner the expense is limitless.

Buying the pet is merely the start. You could spend as little as £45 on a mougrel from a dog's home and anything from £200 upwards on a pure breed puppy. But after that it is maintenance that is the real killer. For cats it could run to as little as £250 a year, while even the least demanding dog would set a household back at least £400 a year.

Where you buy the pet is crucial. A leading vet tells me that while it is "very nice to rescue a pet from a shop, frequently the pets are not as healthy as they should be. New owners are often badly misinformed about their state." If you know which breed you want she recommends buying from a breeder.

A good place to meet them is at cat or dog shows - you can get the feel of the sort of people they are and the kind of outfit they run. The big, well-known breeders (The Kennel Club, 1 Clarges Street, London W1, supplies addresses) are not necessarily better - and will undoubtedly be more expensive - than the smaller establishments. Buying pets from the animal rescue centres is charitable but although some of the animals may be well-adjusted and healthy, you could equally well end up with a melancholic social misfit.

The best centres, such as the RSPCA, insist on doing a home-check first, and their fee includes a micro-chip to enable you to keep track of the animal and neutering. A bitch costs £50, a male dog £70, a female cat £35 and a tom-cat £32.

The image-conscious should be aware that the dog you choose does indeed say more about you than you might like the world to know. In lower-income neighbourhoods there is a greater preponderance of Staffordshire bull terriers and rottweilers while in the gentler reaches of, say, Fulham and Chelsea golden retrievers and King Charles spaniels are more to the local taste.

Once bought, there is no end to the opportunities for extra expenditure. In these days of proliferating mail order companies it is only right and proper that doggy (and moggie) aids should come easily and speedily through the post.

The Bones Dog and Catalogue (Bones Mail Order, The

Upper Mill, Coin St Aldwys, Cirencester GL7 5AJ, Tel: 01286-750 007) offers almost every aid you could think of - from the leather mouse to the eminently practical waterproof backed towel ("protect your car seat" and "let your dog soughle up by the fire in this versatile dog towel"). All the products have been personally tested by Maisie, the cocker spaniel, Lily the lurcher and Sidney, the Abyssinian cat.

The smart dog does, of course, need a wardrobe and here Bones does not let you down. There are cat collars for town and country (£10.75 a time), fleecy slippers (no doubt to act as decoys from the real thing) and a complete range of coats and bedding. Smart, conservative country dogs might like to be seen out and about in their very own waxed green jacket (£20 from George's of Chelsea, 6 Cale Street, London SW3 3QU) while more hip types could go for the black leather jacket biker-style (£34.99 for the smallest size from Selfridges, Oxford Street, London W1.) If urban life has made your dog wary of extreme weather, there is a fake fur-lined tartan raincoat at Harrods for £24.

For seekers after the unusual, George's of Chelsea caters for what it calls the sophisticated urban dog rather than rough country ones. You could buy your beloved Fido anything from a jewel-encrusted lead to a fancy outfit while for owners there are such delights as doggy portraits and doggy cushions.

There is no end of suggestions for that important part of the doggie ritual - walkies. From designer dog leads (exclusive to Harrods are the Moschino collars, £45, and leads, £55, in red, black or brown) to the eerily kitsch electronic flashing collar (a built-in lithium battery makes sure your dog can be seen in the dark), available among other things at £13.99 from Canac Pet Products (tel: 01373-884775).

Comfy Pet and People Products, 2/4 Parsonage Street, Bradninch, nr. Exeter, Devon, EX5 4NW (tel: 01392-881285) is the place for the seriously useful accessory. Take the Dog Dri Bag into which you zip the wet dog and there he stays until dry and clean. (From £11.50 for the smallest size for toy breeds, through small for terriers and dachshunds, mediums for spaniel-sized dogs and large for labradors, at £26.50).

And when it comes to Christmas let no pet be forgotten - Bones Dog and Catalogue has an "adorable little tartan stocking... filled with delicious cat treats or scrummy dog treats". Pet owners (or indeed pets) desperate for a breather might like to know that pet hotels are a proliferating business. Take the Dogchester. Here the urban dog, reined in by park restrictions and leads, can run free in a country house and garden. At the London branch (contact Sara Short on 0171-706 1438) there is room for seven dogs but at weekends Short will transport the dogs to her country house for home-cooked food, woodland walkies and lots of fresh air. (Somewhat mysteriously, though, no doberman pinchers will be accepted.) Charges from £12 a day.

British pet owners can look forward to the arrival of PetsMart, which is due to hit these shores next year. There will be no need to scour the neighbourhood or the mail order listings for a range of individual services as PetsMart will provide everything the devoted pet-owner could want all under one roof. From pet foods to veterinary services, obedience classes, photographic studios, adoption centres and grooming parlours, it will be the one-stop shop for the busy pet-lover.



□ Above: No, the garden shed won't do - every good dog deserves a bed. Hawthorn Interiors does solid pine beds, hand-stained and French polished, with turned legs - available in three sizes "to suit most dogs and homes", £110, £115 and £125 (plus £15 p&p) from Hawthorn Interiors (tel: 01246-582381)

□ Far left, top: Pet sheets to keep hair, mud, grit, sand and all the other ills that pet-owning homes are heir to off the sofas and the car seats - in four sizes, in cream, olive, grey or buff, they range in price from £5.95 for the smallest (99cm by 69cm) to £23.50 for the largest (299cm by 152cm). By mail order from Over The Top (tel: 01608-676625)

□ Far left, below: Sara Davenport, whose gallery at 206 Walton Street, London, SW3, (tel: 0171-225 2223) specialises in 19th century doggy oil paintings, in her home surrounded by pet memorabilia

□ Left: Every Fido worth his Pedigree Churn needs his own personalised, made-to-measure collar. Green Farm Trading (tel: 01473-737877) does them in navy, yellow, red, green or blue webbing with a choice of seven colours for the embroidery. In three sizes, ranging in price from £25.50 (for Jack Russells, West Highland whites and other small dogs) and £26.50 for medium-sized dogs (springer spaniels, shelties etc) to £27.50 for large dogs (labradors, alsatians, setters and the rest). Postage is £2.50 extra

□ Below: Waxed green jacket (to match your own version) in size 8in to 24in (measured from collar to base of tail). From George's of Chelsea, 6 Cale Street, London SW3 3QU. From £20 (tel: 0171-581 5114)

Drawings: Margie Keedy

But for some pet owners nothing mass-produced or cheapskate will do. For the connoisseur of pet comfort a visit to Christie's auction on March 23 will be *de rigueur*. Where else could you find such a luxurious abode as a kennel in neo-classic grey and gilt with a domed top and foliate ball finial for around £5,000? And for the still besotted there will be another 100 or so cat and dog-related objects - 18th and 19th century oil paintings, as well as bronzes and sculptures.

Those who cannot get to the auction can find doggy pictures from Sara Davenport at 206 Walton Street, London SW3, where she runs the only gallery that specialises in 19th century oil paintings of dogs. If you are willing to part with £1,500 to ensure Fido has a good night's sleep, the miniature green and gold Harrods bus could be the very thing - it has an upper compartment for grooming aids, a middle

section for sleeping in and the "engine" section holds his wardrobe of accessories. For those whose pets are bereaved, aggressive, suffering from separation anxiety or simply socially maladjusted, the Anthony Clare of the canine world is Roger Mugford, whose Animal Behavioural Clinic in Chertsey (tel: 01333-566989) is sought after by owners far and wide. His practice specialises in sorting out "dotty dogs" but your dog must first be referred to him by your local vet.

When your pet finally heads for the great kennel in the sky do not just consign him to a plot at the end of the garden - Cwyl-based Pet Funeral Services, for instance, will send him to his maker with dignity and discretion (tel: 01352-710600). Prices are about £200 for burying a cat or a rabbit while a horse would be nearer £600; cremation costs about £55. The Silvermere Pet Cemetery is at Byfleet Road, Cobham, Surrey (tel: 0181-546 7891).



FASHION

Unwilling recipient of Armani's mantle

Jil Sander is 'hot', but the Italian designer is fighting to retain his status as creator of the most-desired clothes, reports Marion Hume



Sweet simplicity by Giorgio Armani

The clothes you see here are by Jil Sander and Giorgio Armani and they will not arrive in stores until the autumn.

Perhaps this is a good thing. No matter what one's budget is, spending around £2,000 on a coat takes more than a moment's thought, while shelling out for sweaters that could cost around £500 apiece might require a few months of saving up first.

Giorgio Armani and Jil Sander both share the idea that less is more - unless one is talking about price tags. They each create understated clothes in sumptuous fabrics, which cost a great deal more than one might expect for a simple sweater or the most unattention-grabbing skirt.

This has not put off customers, however, ranging from barristers to Hollywood studio executives. The attraction of these clothes is that they make a near-silent promise of fine quality.

The clothes of Armani and Sander share many things: obsessions with fabric innovation, perching down and a lack of adornment. It is no surprise then that Sander is being dubbed "the new Armani" and that she is being looked at to define late 1990s dressing in the way that Armani, more than any other designer, defined the 1980s.

But Armani does not want to pass on his mantle, and Sander, for her part, is none too keen to receive it. Armani, who says of Sander that she has learnt much from looking at his clothes, is, unsurprisingly, not ready to be eclipsed. Meanwhile, Sander does not want to be viewed as some kind of wunderkind; she is 52 to Armani's 61 and showed her first catwalk collection a year before he did, in 1974.

Armani has, of course, built a hugely powerful global empire. In financial terms, Sander is still the minnow. Her latest turnover figure is more than £160m, while for 1994, Armani turned over £6.6bn. But in creative terms, Sander is "hot". Giorgio Armani (who is still fantastically successful, with global sales in 1995 up a staggering 30 per cent on 1994) is not.

It used to be that one went to Milan for Armani and, indeed, to witness Armani versus Versace (or the battle of the lady and the tramp). Now, while both Armani and Versace wield huge muscle and open more and more shops across the world, the creative force that makes the fashion pundit's heart beat faster comes from neither of them. In Milan last week the three must-have-at-any-cost hot tickets were Prada, Gucci and Jil Sander.

From Gucci came blue, military-detailed, 1970s-style trouser suits, presented in such a way that one was temporarily convinced they were the ultimate in desirable fashion. From Prada came V-neck sweaters and flared skirts in olive and burgundy, bewilderingly reminiscent of my 1970s sixth form "uniform".

From Jil Sander came beguilingly simple clothes that became more wearable as the show progressed. Rare in fashion is the show where you cannot help but wish you were standing backstage with a bin bag, piling all the clothes in so that you could take them away to keep.

Armani's collections, both under his younger Emporio Armani label and his eponymous label, were assured, confident, sleek, immaculate... but they did not raise the heartbeat. Armani's most loyal army of followers will not care, for here were reliable corporate clothes for executive lives just like theirs.

However, the most recent Armani collection will not woo back those women customers who have moved on. Armani is still recognisably Armani. Instead, they crave even more stylish, up-market anonymity which they find in the designs of Jil Sander, whose clothes have no immediately identifiable signature except that they look so good.

According to Sander stockists, most of her clients do not seek publicity and would get no pleasure from appearing on a "who wears what list".

Years ago, before he conquered every smart shopping street on earth, Giorgio Armani had a shop-in-shop in Browns, in London's South Molton Street.

Today, Jil Sander has a shop-in-shop there. Former customers who followed Armani to his own boutique are once again to be seen in Browns. They are buying Jil Sander. One such customer is actress Lauren Bacall. A long-time Armani-wearer, she is now a convert to Sander style.

And perhaps Armani is getting nervous. While the press pushed and shoved to get into



Sander's interpretation of the librarian look



Creamy cashmere for a warm feeling from Sander

Photographs: Neil Mahoney



Giorgio Armani's day-time version of the long, lean look

Emporio Armani's "Jackie O" trouser suit



Sander's austere simple look for evening

Go to work in Sander's plain grey suit

Sander's show last week, they sauntered into Armani's. His used to be the show one could not miss but instead, for some, it has become the show one dare not miss. This is in case Armani signals his displeasure by removing his considerable advertising from one's magazine, or in case a letter pondering whether one does not understand the brand is sent to the editor of one's newspaper.

Last week, just before the house lights went down and the lights beneath Armani's purpose-built underground catwalk came up, a rumour was flying that the audience was being filmed on video. Had we not heard that someone had been reprimanded for yawning at the Emporio Armani show earlier in the week? According to the Chinese whisper, he had watched a film of the audience to gauge reactions. No doubt this was just silly gossip. Its significance is that people believed it might, possibly, be true.

But hyper-sensitiveness is not stitched into the fabric of a suit. What goes on in the fashion firmament does not matter to the woman with money in her wallet and the need to find something smart to wear. Armani's brand of beige, his red, tailored suits for autumn are not quite as "fashion forward" as they once were, partly because he has been so successful - and so imitated in every high street store - that they can look as if they come from Principles.

Armani invented the latter-day corporate uniform. Now the gutsiest of corporate women who do not want to dress like the rest are beginning to reject it, to look for something else to wear. Enter Sander.

In the next year, Jil Sander expects to open her own shop in London to complement her stark white-on-white flagship on Avenue Montaigne in Paris. Giorgio Armani, meanwhile, is this year adding shops in Jakarta, Bangkok and Mexico City, as well as four new shops in Japan to bring his retail empire, for Giorgio Armani boutiques alone, to 48.

There is still much to desire with a Giorgio (and Emporio) Armani label, as well as much to crave from Jil Sander. But if you're in the market for a £2,000 winter coat, it's simple: you just have to pay your money and make your choice.

Corporate women who do not want to dress like the rest are rejecting it



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FINANCIAL TIMES

FOOD AND DRINK

Big, brash and American: the sports bar

No ticket for today's big rugby match? Patrick Harverson has an alternative for keen fans

You live in London and are one of the many without a ticket to today's England v Ireland rugby union game at Twickenham. You long to taste the heady atmosphere of a rugby international. Yet you do not fancy inviting your mates from the local rugby club round to drink themselves into a stupor in your front room. What do you do?

Answer: go to a sports bar, the next best thing to being at the game.

At a sports bar you can savour that pungent terrace aroma of cigarette smoke, beer and last night's curry, join in slurred choruses of "Swing Low Sweet Chariot" and shout yourself hoarse in anger as the England forwards hog the ball, the outside-half hoots everything upfield and the rest of the hacks stand around like shop dummies.

Sports bars are not just for rugby fans, however. The same experience is available to fans of football, boxing, pyjama-cricket and the naked indoor kayaking that cable sports channels show on quiet Tuesday afternoons. Whatever your fancy, just turn up, grab a beer and enjoy the show.

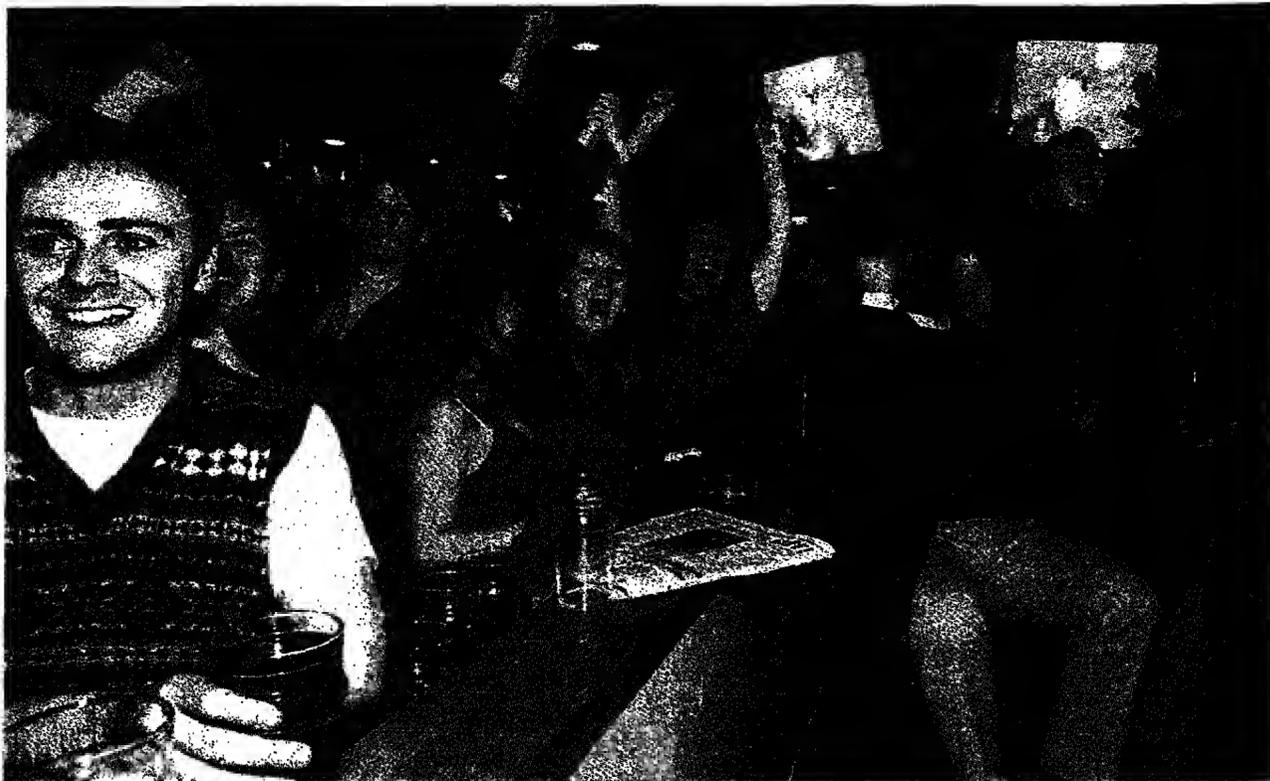
The concept of the sports bar is catching on fast in Britain. Last year Shoeless Joe's and the Sports Café opened in London, to add to the two-year-old Terry Neill's Bar and Brasserie on Holborn Viaduct.

Two more huge sports-based restaurants - Babe Ruth's in Wapping and Football Football in the West End - are due to open in London within the next few weeks. Even Harrods has its Café Sport, an upmarket bar that looks like the trophy room of a posh rowing club.

There are also likely to be more openings in the offing. At least four big British catering and brewing groups are known to be considering building sports bars in London and other large cities.

Why this sudden increase in sports bars? Is it just another manifestation, like fast food and bad beer, of American cultural imperialism?

Up to a point. Everyone involved in sports bars owes a debt to the US. Either the owners of the bars are North American (Sports Café), or they are Britons who have visited the US and are enthusiastic about



Go on... The Sports Bar in Haymarket, London, during the Newcastle United v Manchester United game (Manchester won 1-0)

the UK potential for sports bars (Shoeless Joe's, Terry Neill's and Babe Ruth's). Why else are two of them named after long-dead baseball players?

Yet, the phenomenon is not just about importing an American success story. Two other factors are at work: the dominance of British sport on the BSkyB satellite network, and the growing popularity worldwide of so-called "themed-restaurants".

The latter is evident in the

success of Planet Hollywood and the Hard Rock Café and recently announced plans for film-themed and pop music-themed restaurants in London.

As for Sky, the sports bar can be chalked up to further evidence of the way Rupert Murdoch has reshaped our lives. Once live Premier League football became accessible to only a few, a demand was created that did not exist before.

Fans wanted to watch the games but the idea of everyone

going into someone's living room to catch the game, or standing in a pub squinting at a tiny television screen with the volume turned down, was not their idea of fun. A dedicated sports bar with lots of TV screens and a loud atmosphere was the perfect answer.

"There was a gap in the market, especially with the onset of 'Sky sports,'" says Victor Obogu, England prop forward and co-owner of Shoeless Joe's. "Sky was definitely the catalyst," agrees Terry Neill, the

former Northern Ireland international and Arsenal manager who has two bars in the London area.

Yet the sports bar is not just about watching a game with a pint of beer in one hand. In fact, most of the owners want to get away from that image. Brad Kinsella, the Canadian co-owner of the Sports Café, says: "We don't pretend to be just a sports bar. We perceive ourselves as something different. It's more of an entertainment-type facility

with a sports backdrop."

Jonathan Robinson, director of Shoeless Joe's, is also eager to give sports bars a glossier image. "There is a misconception that this is a rugby bar."

He points out that Shoeless Joe's has a membership scheme, boasts a proper restaurant upstairs and operates special events such as the recent celebrity-question and answer evening with golfers Colin Montgomerie and Sam Torrance.

The operators of the two new

bars are even keener not to be identified as pubs-with-knobs-on. "What we're developing here is not a sports theme bar. We're primarily a restaurant with a sporting theme," says Keith Feldmar of Babe Ruth's, Football Football, meanwhile, will not even be showing any live sport.

"To allow people to sit watching a 90-minute game would only encourage a laddish atmosphere," says Bobby Keetch, the former footballer who is helping set it up. "We

want it to be family-friendly." But what are these sports bars like? I visited the three that are open on different big match occasions to find out.

The Sports Café is the closest to what most people would consider the classic sports bar: big (12,000 sq ft) and viewing-oriented (five big screens, 150 televisions, including several in the lavatories).

The food, an afterthought at most sports bars, is punning American ("Souper Bowl of the Day" and "Sacrifice Fries") but not as bad as I expected. The quantities are huge. The memorabilia is rather tame (the uniform of the Commonwealth Games fencing champion - wow), but the atmosphere is excellent; cheerful and loud.

There is also a lot to do if the screen action does not hold your attention, such as basketball, computer games, pool - and that old pub favourite - simulated downhill skiing.

Shoeless Joe's is smarter, befitting its rugby roots. The memorabilia is a cut above the normal (actual England caps), the clientele is clean-cut, but the food is uninspiring. The "Five Nations Menu" consisted of choice of soup or salad and burger or hot dog, none of it good. But the atmosphere was suitably frothy and, after Scotland had defeated Wales, the bagpipes came out. It was a nice touch, unless you were Welsh.

Last, but not least, is Terry Neill's, which was the most authentic of the lot. It looks like an Irish bar in New York (a good start), serves excellent Guinness, and has genuine personalised memorabilia, most of it from Neill's own archives or donated by his large circle of sporting friends.

Above all, there is the man himself, who works most nights behind the bar. We chat for a while and I tell him of one of the worst days in my sporting life, when Manchester United played Arsenal in the 1979 FA Cup Final and the great Northern Irishman Sammy McIlroy equalised with a minute left - only for the over-achieving afro-haired Alan Sunderland to score the winner from the rest.

Where else can you go for a drink and reminisce over a few pints with the man who managed the team that broke your heart in the Cup Final? Now that is what I call a sports bar.

By the time you read this, a special package of six bottles of red bordeaux, two bottles of white bordeaux and four bottles of Muscadet should have arrived at the Paris headquarters of the French wine police, the *Service de la Répression des Fraudes*.

They were not sent from their zones of production in western France. Indeed some may contain wine not even produced there. They were sent from London by the Wine Standards Board, Britain's counterpart organisation, as examples of the sort of bottles that are sully the image of French wine in its most important export market.

It has taken some time to get the French interested in this issue, and they are not exactly pursuing it urgently.

On February 8 last year, the body that represents France's better wines, the *Institut National des Appellations d'Origine*, came to London for its first meeting outside France. At the instigation of the

French Embassy in London, several of us were invited to tell the delegates what we thought of their wines.

In quick succession, representatives of the wine press, of J. Sainsbury and Thresher (the leading supermarket and off-licence chains) told them that, while the best wines of France were still great, and unmatched elsewhere in the world, there were far too many disappointing bottles in the middle and lower range.

The words *Appellation Contrôlée* no longer meant anything, we felt. We dared to suggest that the New World offered better value, or at least more consistency.

This apparently came as a great shock to the visiting French wine producers. They honestly thought that their customers abroad agreed with

the general French view that all French wine is by right superior to all non-French wine. (This may be explained by the fact the French rarely taste any wine that is not French.)

So shocked were they, in fact, that it took four months for them to adopt any initiative in response - and a fairly collaborative meeting in June the Wine Standards Board suggested to the *Service de la Répression des Fraudes*, that it would gather up some bottles on sale in Britain that represent *Appellation Contrôlée* wines at their least worthy. Hence the dozen bottles that have just made their way back across the Channel.

Bernard Gagnier, *Chef de la Mission d'Enquêtes des Vins et Spiritueux* and the man

charged with looking into this, is playing his cards as close to his chest as you would expect of a French bureaucrat. Last week he would neither confirm nor deny the safe arrival of the bottles, much less discuss the issues they raise. "Madame, you will understand, we cannot talk about current operations. In such an important wine-producing country, there are many affairs etc."

Jonathan Findlay, secretary of the board, on the other hand is agree for the French reaction. "It'll be very interesting to hear what they have to say. We inflicted a tasting of the wines we dredged from the bottom end of the market on one of our Master of Wine associates the other day and she said they were worse than she expected - which is

encouraging. I think they're just starting to believe what we've been telling them for years."

Much is made of fraudulent or faulty wines: wines which have been stretched by blending with inferior wine or even water; wines which have nothing at all to do with the place, vintage and/or grape variety cited on the label (a scam which can now be detected by a very expensive machine); wines containing too much or too little of the permitted preservatives and other additives. Nothing like a good old wine scandal to please the punters.

Monsieur Gagnier, true to form, would not be drawn on whether the annual number of serious infringements of wine law is increasing in France. He says the 48-strong *Service de la Répression des Fraudes*

wine arm deals with about 200 dossiers *importants* each year, but he maintains this is not many compared with the thousands of individuals commercially involved with wine in France.

In Britain, Findlay reports a perceptible decline in wine fraudsters. Until the relaxation of European Union border controls in 1994, the hoard and its nine inspectors had a blacklist of known persistent offenders, mainly backstreet traders out to make a buck out of counterfeit wine.

He suspects they have all decamped to the other side of the Channel. "Bootlegging has driven the most suspect end of the trade underground."

The board supervises the supermarkets - with their quality control labs infinitely more sophisticated than any-

thing it, with its meagre resources, can boast - rather less keenly than smaller traders, who it feels are more likely to be targeted by tricksters.

But the nub of France's problem is not fraud but complacency. With some notable exceptions, particularly in those with a reputation to lose, too many of France's wine producers need to try harder. I am complaining only because I care.

Some recommended French wine models:

□ Vincent Pinard's Sancerre, The Holland Park Wine Co of London W11 (0171-221 9614) and the Great Western Wine Co of Bath (01225-460009) stock the 1994 vintage from this gifted wizard. The *Cuvée Florès* is £9-£10 and at least twice as good as most wines

from this often disappointing appellation. Watch out for his super-pure 1995s.

□ Olivier Merlin's Mâcon. Light years from the vapid whites that usually bear this name, his dense Mâcon La Roche Vignone from Domaine Vieilles Vignes 1994 is £94 a dozen, while the super-rich Les Cras 1993 is even better value at £141. From Morris & Verdin of London SE1 (0171-357 8866).

□ Gaëtan Poncé's Coteaux du Languedoc. Châteauneuf La Sauvageois is but one of scores of truly terrific domaines in the hills of southern France dedicated to raming maximum intensity into low yields of mainly Syrah fruit. Poncé makes an ultra-glamorous *Cuvée Prestige* 1994 for the medium term at £9.95 (only 500 cases) as well as his already gulphable blended *Carte Noire* 1993 at £5.50, both from La Vigneronne of London SW7 (0171-589 6113).

Wine / Jancis Robinson

Why the French must try harder

Appetisers / Nicholas Lander

It is a sad state of affairs when *Decanter*, the UK wine magazine, can find no British restaurant worthy of one of its big annual awards.

This year its "Wine by the Glass" award went to New York's SoHo Kitchen and Bar. (Tel: 212-925 1866), the unrelated Soho Kitchen and Bar, Brussels (322-332 2844), and the Grape Wine & Food Bar, Brisbane, Australia (73852-1618).

Lon Segal, of Fredericks, in Islington, London N1 (0171-359 2888), seems to have taken this as a personal challenge and is organising a series of 10 wines each month available by the glass. On one Thursday each month they are offered free at lunch and dinner and then incorporated on to the wine list. The scheme starts on March 21 with Burgundies.

■ Valvoa & Croffa, of Edinburgh, begins its innovative combination of cookery demonstrations, mushroom "surgeries" and tutored wine tastings and is extending its food and wine range. Nick Nairn, Hilary Brown and Andrew Radford conduct the cookery courses; Roy Watling, of the Royal Botanic Gardens, Edinburgh, explains the secrets of wild mushrooming; and Maureen Ashley, Master of Wine, and Michael Garner tutor the wine tastings. Valvoa and Croffa's Café Bar also opens on March 25 at 19 Elm Row, Edinburgh. For details ring: 0131-556 6066, fax: 0131-556 1668.

■ Two pieces of gastronomic good news for those travelling to south-west England. Railway privatisation is

leading to a more varied approach to catering. Great Western has called in Joyce Molyneux, chef at the Carved Angel, Dartmouth, to improve the standard fare. Her new menus, on the Paddington-to-Penzance service, include Cornish smoked breast of ducks; wild boar sausages; pancakes with apple and cider brandy; and west country cheeses.

■ When you travel west of Devizes, Somerset, make sure you have a copy of *The Treacher's West Country Guide*. It picks out 32 of the region's top hotels and restaurants and is available free from the West Country Tourist Board, 60 St David's Hill, Exeter, EX4 4SY. Tel: 01392-425426, fax: 01392-420891.

Cookery / Philippa Davenport

A feast for Irish mothers

Since the feast of St Patrick and Mothering Sunday fall on the same day this year, I thought it might be appropriate to introduce an Irish flavour to this week's foods, and offer recipes simple enough for loving juvenile offspring to prepare as a night-of treat for she who usually provides for and cooks for them.

I toyed with the idea of salmon, since Irish rivers yield some of the very best. But the salmon season in Ireland only opens tomorrow.

Besides, it is the produce of the land rather than the harvest of the sea that is central to Irish tastes.

No vegetable is more loved than the potato, so that is the central ingredient I have chosen, and I suggest partnering it with cabbage, another vegetable that flourishes luxuriantly in Irish gardens. Shred the cabbage spaghetti-thin, steam it lightly and toss it in a glistening pool of melted farm butter.

For most people one dish will be enough for Sunday supper. Those who want to make a solid faux-rustic meal of it may

care to serve afterwards slabs of porter cake in tandem with wedges of one of the excellent new generation of Irish cheeses and a bowl of fresh apples.

POTATO AND ANCHOVY CAKES (serves 3-4)

These are not so much fish-cakes as very savoury potato cakes, and a useful standby for emergency suppers since most larders and store cupboards will yield the necessary ingredients.

500g floury potatoes such as Kerr's Pink, Golden Wonder or Flourball; 1 x 60g tin of anchovy fillets in olive oil; 1 egg; 1 small garlic clove; 3 tablespoons chopped flat leaf parsley; 1½-2 tablespoons rinsed, dried and chopped capers (or the finely grated zest of 2 lemons); ground rice or polenta for dusting the potato cakes (plain flour will do at a pinch); a little oil and hutter for frying.

Choose potatoes of the same size so they will complete cooking simultaneously.

Boil them in their skins. While they cook, hard-boil the egg, shell and chop it.

Chop the parsley and capers (or grate the lemon zest) and mix these flavourings with the egg.

Drain the oil from the anchovies and warm it gently with

Roll into 12-14 small balls, flatten into cakes and dust well with ground rice. Fry until golden in your largest frying pan, using a mixture of sizzling hutter and olive oil.

Give them 1 minute on each side first, then 3-4 minutes more on each side over slightly reduced heat, moving and turning them carefully as they are quite soft and easily misshapen.

PORTER CAKE

Porter is another name for single stout, with which this cake used to be made. Murphy, Guinness and Beamish are all double stouts, the stronger stuff now used for this cake.

If you can delay a few days between baking and cutting into the cake, the better it will taste.

250g butter; 225g dark muscadavo sugar; 3 eggs; 300ml stout.

Cut the candied peel into small pieces and mix it with the other dried fruits. Four on warm water to cover and leave for 10 minutes, then drain well. Heat the oven to 180°C (350°F) gas mark 4. Butter, line and hutter again a 23cm round cake tin.

Stir the flour, raising agent and spices together in a large mixing bowl. Cut then rub in the butter. Mix in the sugar.

Add the drained fruits, lightly beaten eggs and most of the last few spoonfuls of stout if necessary to achieve a good dropping consistency.

Spoon the mixture into the prepared tin and bake for one hour.

Reduce oven temperature to 160°C (325°F) and bake for about ¼ hr more or until the top of the cake feels springy and a skewer inserted into the centre comes out clean.

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TRAVEL

Walking in the shadow of God

Justin Cartwright experiences the dangers of the Masai Mara with the proud locals in East Africa

East Africa owes much of its character to the Masai. Because they do not hunt the game and because they do not till the soil, the great plains where they live have retained their grandeur. The contrast between Masai areas and those of other tribes is stark. There are about 30 other tribes in East Africa, but only the Masai have really entered the consciousness of the tourist.

There are places in East Africa where you can walk among cattle and wildlife, as the Masai do, and so experience Africa in a way that no tourist in a mini-bus ever does. I have made four such walks in recent years, in the north of Kenya, in the Masai Mara and in Tanzania.

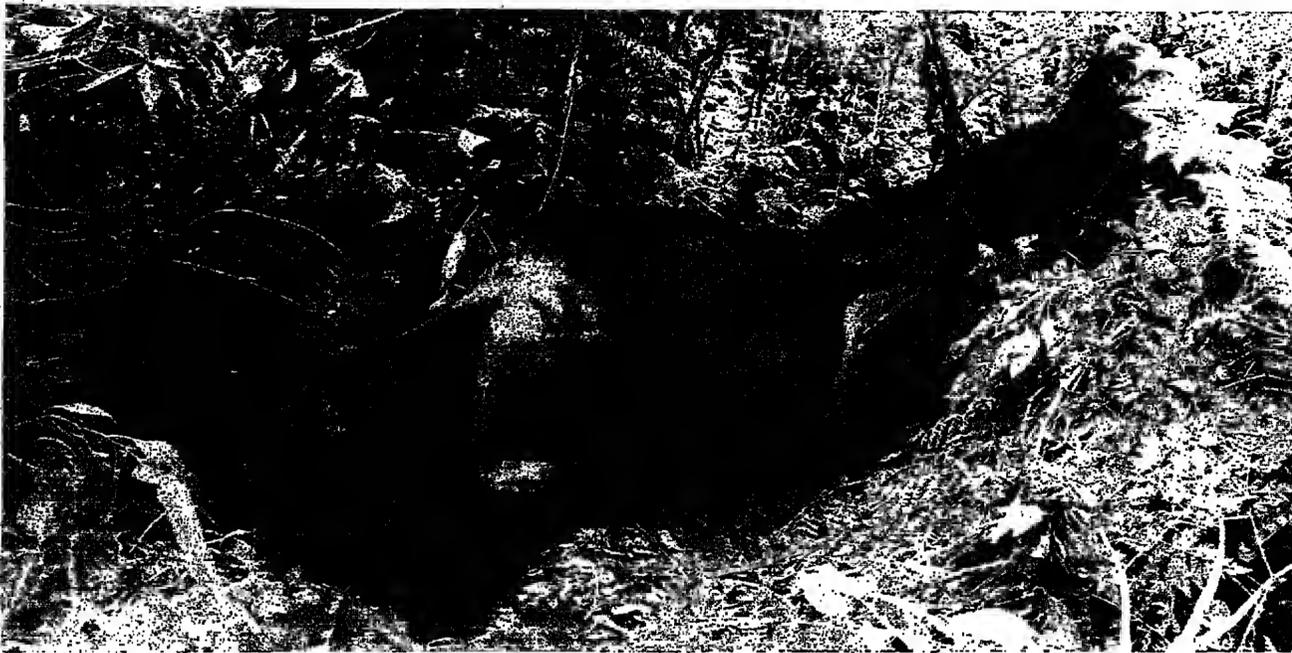
With Ron I had many memorable experiences. I was able to approach within 20 yards of a herd of elephant feeding and to sit on a rock and watch a lioness dozing in the last warmth of the day. The Beaton is so knowledgeable and so friendly that you feel privileged to stay with them. You can return home confident that you have seen the old Africa, or that even more elusive beast, the real Africa.

Before he could start on his own passion, the rehabilitation of various species, he realised that he would have to help the demoralised and under-equipped game department reclaim what was theirs. Roads have been put in, airstrips carved out of the bush and the boundaries clearly defined. An energetic warden is in charge.

Unvisited and neglected as it has been, you will not have to rough it in Mkomazi. I spent a memorable time with Tony Fitzjohn and Kim Ellis who have set up a beautiful camp with a view stretching hundreds of miles into Tsavo. On a clear day you can see Kilimanjaro. Kim and Tony do not offer safaris, but Abercrombie and Kent do, and other specialists are likely to follow suit. This is connoisseur's Africa, ideal for walking.

Of Doinyo Lengai is the Masai Mountain of God. It lies just to the east of Ngongoro in Tanzania between Lakes Manyara and Natron. This, I decided, was the perfect place for a walking safari, well off the tourist track. With a Masai speaking driver and a cook, I made camp near a dry watercourse and walked with some Masai from a nearby manyatta.

We arrived at our camp as the sun was setting to find a crackling fire and the obligatory three-course meal in preparation. In a thicket nearby lions were roaring; the Masai women who were gathering wood near our camp hurried back to their manyatta. I took a shower under a bucket of warm, wood-smoke-scented water.



Our prey is tracked down: I had been about to fall into the laps of two female gorillas, lolling among the leaves.

Indifference of the endangered

Tourism is the fastest growing business in Africa. Over these three pages, FT writers explore the urgent issues that are being raised, starting with Michela Wrong who visits the gorillas in Rwanda

There are stinging ants and nettles in the forest," the Rwandan Tourist Authority leaflet mentioned with deceptive casualness. "Your guide will point these out so you can avoid them."

In the event, the guide spared himself the trouble. His clients, he probably realised, did not suffer from sensory deprivation. Before us, what looked like rolling hectares of shoulder-high nettles stretched to the horizon, each bristle packing the punch of a tiny donkey-kick. Falling over was a small agony, grasping surrounding vegetation a big mistake, walking a trial as prickles penetrated our clothes.

What, no bars? I was my first thought. "These animals could be dangerous." The second reaction was to giggle hysterically. This is standard, I later discovered. Rwanda is full of photo albums showing a dark furry mass in perfect focus and the blurred face of someone in the foreground trying desperately to muffle their laughter.

There was more to come. In a clearing nearby, exuding an air of extraordinary dignity, back set to the views of Rwanda's rolling hills, sat the silverback. Bigger than I had imagined possible, he surveyed his visitors with apparent indifference. He was scratching vigorously, I couldn't help noticing. Perched in the foliage a few feet away, within easy reach of one of those long arms, we stood whispering in awe, instructions about pointing and staring instantly forgotten.

Animals destined for the pot, causing infection, mutilation or death. "It's hard to know exactly what happens, but the gorillas are generally not the intended victims," says Katie Frohardt, from the Kigali-based International Gorilla Conservation Programme.

the primates to fatal illnesses and, by training them to feel at ease in human company, make them easy prey for poachers. But increasingly the debate is being won by pragmatists who argue that the species can only survive if it is seen by locals and governments as an economic asset. Surprisingly and encouragingly, studies suggest "habituated" gorillas suffer little from these investigations of privacy, actually showing higher reproductive rates than those left in peace.

South Africa The empty beach beckons

How far must you travel to get away from it all - to arrive at the end of the line - even in a country as vast as South Africa? Where to find an absolutely empty beach? An indigenous forest, untouched for centuries? And at the same time, if this does not sound too absurd, to enjoy spacious rooms, running hot water, a bath and a shower, excellent food and a bar where you help yourself, to go with the absolute peace and stars brighter than you have ever seen outside Arabia?

There is a tiny, little-known place in the far north of Kwa-Zulu, close to the border of Mozambique, called Rocktail Bay Lodge. It was built by the local KwaZulu authority in the late 1980s as a fishing retreat in the Maputaland Coastal Forest Reserve. But the idea was a non-starter (although the seawater fly fishing is splendid) and it was taken over by Wilderness Safaris a few years ago to be developed, as an up-market lodge, in one of the pioneer "eco-tourism" projects which are fast becoming fashionable in South Africa.

You will be taken to your own wooden Tree House, in the forest canopy

Jules Cashford and J.D.F. Jones Wilderness Safaris is at P.O. Box 651171, Benmore 210, S. Africa. Tel: 011-884 1458

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TRAVEL

Air Safari

Touch of Mogambo eases the terror

The spot was enchanting. We were sitting on directors' chairs watching the sun go down on the Zimbabwe bank of the Zambezi. Small boats passed by on the calm waters. A few lights flickered on the Zambezi side of the great river. The cook was preparing dinner. The makeshift hasins outside our tents were being filled with water for washing before going to bed. It all seemed so peaceful.

But I was suddenly swept with panic: a common feeling, I was told, with many safari first-timers before they retire for the night. The zip on my tent was broken. "Don't worry," said the guide, "it's perfectly safe. You'll sleep OK."

The day before I had met a young Swiss woman who had encountered a hyena on the way to the shower at a similar river camp. The week before, at another camp further up the river, the cook was dragged by the leg from his tent by a lion. Then, as the sun disappeared, the conversation turned to crocodiles and hippopotamuses, and arguments over which of the two were Africa's real serial killer.

I had drunk a lot of beer in the

hope it would send me to sleep. Instead, it made my imagination work overtime. I hardly slept. Each time the palms rustled in the breeze my heart started heating. The big stick by my bedside provided some relief but not as much as the first light of dawn.

I am not exaggerating. Even camping deluxe style for the first time in the bush is a nervous experience. For some it can be terrifying, for others exhilarating. Such as the first walking safari, when the guide trots out a series of instructions such as "do as I tell you... when I say climb that tree you climb... buffalo and elephants can turn nasty... we do have attacks but mainly because people look for trouble". Or a canoe trip down the river when hippos disappear underwater like fat submarines ready to torpedo you should you enter their territorial waters.

Safaris provide a whole range of emotions: from terror to that extraordinary sense of elation that comes from being right on top of nature. As one American tourist explained as we were walking in the bush: "I suppose it's the unpredictability that makes an African safari so special. You never know what you will encounter around the corner."

There can be no better introduction to the experience than an air safari. Maggie and Nigel Kay, an English couple who moved to Harare two years ago, have set up together with Captain Anthony Provost, a Royal Navy Falkland Islands war veteran, an *à la carte* safari holiday business which includes visits all around Zimbabwe using light aircraft.

After arriving in Harare, a light aircraft flew our small party down to Lake Kariba and I was already

lost in Africa. Gail Webster, who left her job with Salomon Brothers in London to manage a floating safari camp on the lake by the Matsadona national park, was in Grace Kelly Mogambo look-alike kit - khaki shorts, khaki hush shirt, Tiffany watch and jewellery.

By lunch-time, I had flown to Chizarira, my second lodge high up on the Zambezi escarpment. The contrast could not have been more dramatic. Nearly 800m above sea level, the lodge is on the boundary of the remotest and wildest park in Zimbabwe. My chalet was perched like an eagle's nest on the side of the rock dominating the vast valley. Below were local Batoka farmers growing vegetables and sleeping in straw huts on stilts to defend their plots from animals.

The chalet, as is common in many Zimbabwe lodges, had no windows. From my bed, I could see a troop of baboons scrambling on the other side of the mountain. I was told leopards prowled in the area but my host, Steve Alexander, reassured me. "I have not lost a guest in the six years the lodge has been opened," he said. Later we went for an afternoon walk. At one

point it seemed we were standing on top of the world on a rock dominating the escarpment and Lake Kariba far below. I was beginning to get into the swing of Zimbabwe bush life: bush walk before breakfast, rest, lunch, more rest, afternoon bush walk, sunset drinks, supper, bed.

After flying over Victoria Falls, I spent a night on the Zambezi before moving on to Elephant Camp. Here four elephants with their grooms in smart green leathers were waiting to take us on an elephant safari.

The small aircraft took me to two other lodges: Barberton with its own rhino sanctuary and Induna Lodge on the edge of the Gonarezhu national park. Both were luxurious private villas with a pool in Tuscan style and umbrellas. Barberton on top of a boulder overlooking spectacular landscape; Induna on the edge of its own lake and part of a conservation trust. Its aim is to plough

back money earned from tourism into the private reserve and the surrounding local communities.

Thatford House, my last port of call, was another contrast. This was a mock Palladian manor house half an hour from Harare. The place - a tobacco, ostrich and mixed-farming estate - was filled with old world colonial charm. Jacques Narasoot, our host, gave us lunch by the pool before taking us on a short game drive. Later, she showed us the house where she welcomes paying guests.

Her bedroom was vast and opened on to a large verandah. There was a shotgun on the bed. "Do you ever use it?" I asked. "I shot a black mamba the other day," she replied. No amount of colonial comfort could make you forget you were in animal country.

Paul Betts

Paul Betts' visit to Zimbabwe was arranged by Time for Africa. Air Safaris, which organises tailor-made safaris using light aircraft. Tel: UK 01489-578893, 0171-240 7683; Harare 026134. He flew to Harare on Air Zimbabwe. Tel: UK 0171-491 0009.

Botswana

And the skies opened

Waiting for me at the edge of the airstrip, Willie van Niekirk looks lean and leathery and as dry as a stick of the sun-dried game meat known as biltong.

An Africaner, he has spent most of his life in the bush of southern Africa. Apart from his luxuriant grey beard, he seems to have metamorphosed from its harshest elements - heat and aridity, dry earth and a desiccating wind. But today Willie is not behaving like the stern Old Testament prophet he resembles. Willie is singing in the rain.

After almost a decade, the longest drought in southern Africa since the 1930s has broken with the arrival of heavy summer rains. For more civilised parts of the region, this means green golf courses and good maize harvests again. For Willie and the other inhabitants of northern Botswana's Okavango delta - human and non-human - it means rehydration, the refilling of the vast inland swamp that sits surrounded by the dry sands of the Kalahari desert.

"We were like a sponge squeezed dry," Willie says as we bounce over a muddy track towards Kakanaxa Camp. Full of soft Bushman clicking sounds, Kakanaxa is not a name that I can even try pronouncing. But I can understand what he means by drought. As the little Cessna I was riding in had headed towards Kakanaxa, the pools of the delta below took on the appearance of outside pistol targets - at the centre of great dried-up circles of brown earth lay small, bright green hillsides of scummy water.

But with the African skies flinging down everything they have, such pools will soon be brimming again. I am happy to be here at this green, wet time of year. Most visitors prefer to see the Okavango in the dry months of the southern winter, from May to August. By then the rains have stopped, the waterholes have dried up again, and great quantities of wildlife are concentrated on the web of river channels, floodplains and watercourses that lace the delta.

Eventually the clear floodwaters of the Okavango, a river flowing inland instead of to the sea, are swallowed up by the Kalahari. But in its slow infiltration through the delta it provides life to a profusion of flora and fauna.

To Pavarotti, for example, when I first encounter him Pavarotti is nothing more than an auditory hallucination

is alleviated by tree-flicking paradise - fly-catchers and scuttling, arm-long monitor lizards. Afternoon sees sun-showers, growing mugginess and the building of tall storm clouds.

But the evening is the best. Down by the water, Willie hosts a long table in an open-sided thatched dining room lit by dozens of candles and kerosene lamps. There is talk of the strange fauna of the bush, and conversation with urbane and equally exotic fellow guests. There is good Cape wine, flet of grain-fed Botswana beef, and the occasional invasion of winged termites dive-bombing the soup. Afterwards, in the tent, there are flickering electrical storms on the horizon as the first puffs of heavy raindrops on the stretched canvas overhead.

A few days and one short flight later, I find myself on the other side of the Okavango in a much more pronounceable place, Delta Camp. The site, a great plain of reed beds, is just as scenic. The accommodation, reed-built chalets, is just as exotic. The welcome, given by congenial camp manager and host Boh Seke-Seke, is just as warm and genuine. There is no nocturnal lawn-care service. But, on the other hand, Delta Camp offers the *ner plus ultra* of safari trips, individually guided hush walks.

It is one thing to contemplate a lion's tongue from a safe Land-Rover, and quite another to search out wild animals on the ground, on foot, in the open bush. With camp guide Kamunga, a now-grizzled

hunter game with dogs and spears, I begin setting off each morning and evening in search of specific prey.

"Kamunga," let's find warthog today," I say - or banoon, or water huck, or whatever. And sharp-eyed Kamunga, reading tracks, faces, the weather, and heaven knows what else, does. The game gets more exciting as I up the ante, moving on to bigger and more formidable game. I stop, however, with a bull elephant which I make the mistake of moving too close to when up-wind. After facing an upset elephant one thinks twice about stalking lion.

"Kamunga," I say, after searching Robert's Birds of Southern Africa for a difficult but less life-threatening prey, "let's find a Pel's fishing owl."

Now the Pel's fishing owl is no mean bird. At night it perches on branches over the water and has the almost unbelievable ability of swooping down to catch fish, frogs and baby crocodiles in the dark. It is also a grammatically sophisticated bird for, according to

Robert's, it says not who, but whom. It is also very difficult to find in the daytime.

Kamunga searches high and low, north and south, and finally, after we have knocked about the bush for most of the morning and I have developed a crick in the neck, he points upward into the gloom of densely covered tree. There I see the round, sleepy eyes, the curved beak, the large cinnamon and russet-coloured body of a Pel's fishing owl.

Kamunga is as pleased with himself as I am with the whole Okavango. I am undeterred. "But you can't find a rufous-cheeked nightjar," I say as we walk home.

Nicholas Woodsworth

Nicholas Woodsworth's trip to the Okavango was arranged by Okavango Tours and Safaris, specialists in tailor-made Okavango and southern African holidays. Codd House, Arcadia Avenue, London N3 2TJ, tel: 0181-343 3263, fax 0181-343 3267.



Okavango Delta, Botswana: enchanted by the smaller, more modest swamp inhabitants

Penny Tweedy

But Pavarotti just munches on, and eventually slides back into the water-course that lies in front of the camp.

If this seems too easy, there are game drives and boat rides every morning and afternoon with one of the camp guides. Despite the availability of water, which tends to disperse game, there is much wildlife to see. Like most new visitors to the African bush, I am thrilled to get up close to big game such as buffalo, giraffe or the beautiful corkscrew-horned kudu - from the top of a Land-Rover I spend one afternoon gazing down at sleepy lions, so close I can see the roughness of their panting tongues.

But like more experienced visitors to the Okavango, I am also enchanted by smaller, more modest swamp inhabitants - the African Jacana, for one, a bird that walks lustily about the surface of floating lily pads on long bluish legs and splayed toes. Or the butterfly-like that make the bush dance with movement; the shy and tiny duiker antelope that rouses maternal instincts in even great white hunters and leaves Bambi looking unlovable; the diminutive honey-badger, a furry thing so gutsy it has been known to take on Cape buffalo and win.

In fact, I am happy just to stay on in camp and watch the Okavango revive and luxuriate. At dawn there is more trilling, croaking, cheeping, hooting and other jungle sounds than in the entire soundtrack of a Tarzan film. In the morning there are big, fat, freshwater bream to fish for in the river shallows. Lunch-time

When I first encounter him, Pavarotti is nothing more than an auditory hallucination

is alleviated by tree-flicking paradise - fly-catchers and scuttling, arm-long monitor lizards. Afternoon sees sun-showers, growing mugginess and the building of tall storm clouds.

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TRAVEL

Conservation Wilderness that we must all save

At times it feels as if we are lone voices in the wilderness... says Rosemary King... Friends of Conservation...

in Kenya and there are now too many in the Mara... and their habitat can be a sustainable and money-making resource...

and their habitat can be a sustainable and money-making resource... It means working at a grass roots level...



A Masai mother bejowels her daughter for her wedding Africa, A Continent Produced by René Gortzen (New Holland)

from the substantial earnings from hunting... Until recently hunting had been unacceptable in Kenya...

life (which does not include hunting) is a way to benefit all and to ensure the survival of the wildlife itself...

It could all so easily be lost for ever... The voices in the wilderness will certainly need to continue...

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It was six o'clock on a November morning, and hot... "If an elephant gets cheeky and throws his toys out of the cot, don't follow me..."

away, their white rabbit-like tails warning the others of danger... Jane could identify every animal, bird, tree and flower...



ing through the bush and awake, with relief, to find it was in fact one of the horses munching away outside the tent... The second was under the stars...

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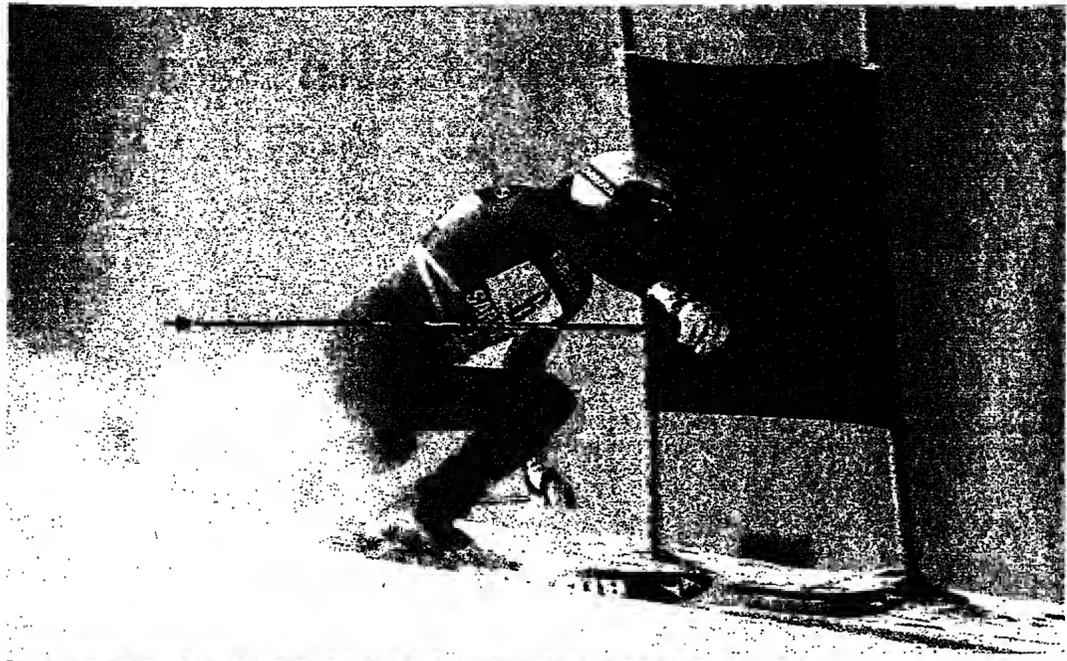
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OUTDOORS



Power and poise: Franz Klammer the racer. 'I can win a race if I take chances. You have to have the guts to go for it. Maybe even risk your life'

We slither enthusiastically behind as Franz Klammer, 6ft 2in of power and poise, burlesques down the boiler-plate slopes of his home town ski resort in Austria.

The ultimate ski racing machine is 43, but his technique seems as devastating as it was 20 years ago. Then, with an outrageous mixture of skill, bravery and considerable good fortune, he barnstormed his way to a gold medal in the Innsbruck winter Olympics.

It was, perhaps, the most exciting 100-second burst of ski racing in history. And it came only five years after Klammer won his very first Europa Cup downhill, aged 18 on the slopes above his home town of Bad Kleinkirchheim (known as BKK) in Carinthia. Then, skis and ski suit were borrowed from another racer, Klammer was too poor to buy his own.

Turn the clock back a further five years, and "Franz" was skiing down to his secondary school at Felzitz on his father's long wooden skis from the family gashaus in Mooswald (mossy wood) deep in southern Austria, not far from the Slovenian border.

Even in those days, young Klammer (the name means clip or possibly "clothes peg") made the 1,500 vertical foot drop in a matter of minutes. "But there was no lift to take me back after school," says Klammer, by this time a winner of all his school races. "I had to walk back up the mountain."

In Klammer's early days, BKK had only one tea bar and a truck to transport skiers up the mountain. Today the spa town resort in the Stock mountains - linked with St Oswald and Falkert - has a

Skiing
The ultimate racer turns back the clock

Arnie Wilson finds 'Kaiser' Franz Klammer still signing autographs in his home town resort

substantial network of 32 lifts and 100kms of runs, including K70, an exhilarating downhill later named after Klammer, when the newly crowned "Kaiser" (how he loves this sobriquet) returned to his home resort to win two more downhill titles.

Now, Klammer is showing us around his favourite mountains because, according to the tourist office "few British have ever heard of the place". Klammer has slipped away from Vienna where he spends much of his time with his wife Eva and two daughters.

Our conversations on the chairlifts are punctuated by calls on his mobile phone to the Austrian capital and other parts of the globe.

But even in the absence of his favourite son, numerous links with the Klammer family survive in the valley. His mother still runs the Klammer gashaus, an Aladdin's cave of Klammerabilia, with the help of Franz's older brother Michael and his family.

Michael also runs the family

farm next door. He also provides the sausages for the Franz Klammer bar at BKK's mid-station. Here, there are pictures of Klammer in dinner jacket, puffing at a huge cigar and surrounded by beautiful women; the bar is run by Franz's cheerful sister Barbara.

Everywhere, both in the bar and at home, are pictures of Klammer: young and long-haired, older and more rugged, angel-faced here, swarthier there, and almost cherubic on skis at the age of six, already a veteran of four seasons on the slopes.

His schoolteacher recalls that his ambition was to go to Kitzbühel and watch the Hahnenkamm, the world's most feared downhill. Granted this wish, young Klammer was heard to say: "These guys are crazy!"

He little knew that he would be the craziest, with four Hahnenkamm cups bulging in his trophy cabinet to prove it. One of them, plus much of his memorabilia has been

given to charity. "I like to think I have given something back," he says. Somehow he has mislaid his gold medal and the ski suits he borrowed for that first downhill victory. "You must ask my mother where they are," he says. "I think she knows. The suit still fits me. I may have put on some weight, but the extra has moved to different parts of my body."

After his extraordinary Olympic victory, he was completely drained. "I had a fever of 40 degrees," he says. "I really had nothing left. I had used every bit of my body. I just sat down for two days."

He still gets "goose bumps" whenever he watches the recording of his descent. "I remember every moment, every turn, even though it's 20 years ago," he says. "I remember I cut one turn very tight. I had never planned it. I just did it and it worked."

"It could have cost me the race but I think it won it for me. I had to take short cuts. I was not a particularly good

glider. But I was good at high speed turns, and the transition from steep to flat, flat to steep. I could carry speed, keep speed. I was good in the compression. And I'm good at taking chances."

The last sentence comes out in the present tense. "I can win a race if I take chances. You have to have the guts to go for it. Maybe even risk your life. But most people don't dare to go to the limits. They ask themselves: 'What happens if I fall?' For me it's no guts, no glory."

"After I retired in 1985, I was tired of racing. I'd had enough. Now I'm enjoying it again."

Today, Klammer races in events such as the Jeep "King of the Mountains" series, and a downhill relay sponsored by MCI, the American telephone company.

"I've already won three Jeeps," he grins. "Enough to start a dealership!"

He also adores golf, but has abandoned motor racing; his attempts to market his own skis and skiwear were not entirely successful.

Before leaving for Vienna, Klammer is busy signing autographs as usual. "I still remember the very first one," he says. "It was in 1969. I was 16. In those days I never expected to be a famous racer. I honestly had no idea. I just did it because I liked it."

He is still a legend. He was one more mad rush down the Franz Klammer run. At the bottom I am still there, breathing a touch heavily. Perhaps I could pretend to have some connection with the nearby resort of Arnoldstein.

Arnie Wilson's visit to Bad Kleinkirchheim was organised by the Austrian Tourist Office, 30 St George's Street, London W1R 0AL, staying at the Rönacher Thermen Hotel, BKK.

Snowboarding

A counter-culture turns mainstream

Todd Shapera on the taming of skiing's great threat

More than 500 athletes will be competing at the US Open Snowboarding Championships at Stratton Mountain, Vermont, next week in 1992, fewer than 40 boarders competed in the first annual competition.

Snowboarding is growing rapidly - so rapidly that few mountain managers can now afford to discriminate between four edges and two.

Much has changed since the 1960s when Sherman Popper, a Californian inventor, joined two skis together so that his daughter could "snurf" over snow. Surfing heavily influenced early board designs - fins were bolted to the base and riders stood on the back without bindings, on some models holding a rope attached to the front.

In contrast, one magazine listed more than 2,500 models from more than 50 different companies this season.

"Many companies pop up like mushrooms in the spring and by the next year they are gone," says Gary Evans, manager of the Powder Tools snowboard shop in Snowbird, Utah. Image is important and one thing that is central to many snowboarders' images are the graphics on the tops and bases of boards. Ranging from soft watercolours to metallic paint, there are evocative, moody images of flowers, cartoon characters, abstract drawings, guns, racing cars, naked human figures, and more.

Penetrating the culture has been difficult for many of the traditional ski manufacturers. While K2 has done well, others have altered their name and image: for example, Atomic

boarding equipment carries the Oxygen label; Dynastar owns a separate company, Original Sim; and even Rossignol left its familiar rooster skiing logo off its boards in favour of a mystical scene of a sun rising over tall white peaks.

Now, as the sport's appeal becomes more mainstream, board graphics are evolving from their masculine, teenage orientation. The over-26 crowd wants something more subtle.

"I wanted something more feminine," said Ali Zaccaro, 26, representative of the Ski Industries of America. Her board sports a subtle mint-green top-sheet with a scarlet butterfly design.

A further obstacle for traditional ski manufacturers was that most snowboard sales were not taking place in established ski shops, but in specialist snowboard shops.

"The key for manufacturers and retailers is infiltrating the sub-culture," says Gary Evans. Three years ago, he opened Powder Tools, a dedicated boarding shop at the base of the Snowbird tram. To generate sales, Evans sought out employees who were part of the snowboard culture.

Steve Bills, Snowbird ski school director, says ski

schools have also had to adapt to the behaviour of instructors, as snowboarding lessons have taken off.

"The biggest challenge is finding snowboard instructors who want to show up," says Bills, with a grin. "At some areas, if you give them too much teaching, they leave!"

To find out why middle-aged boarders had taken up the sport, I waited at the base of the Snowbird tram and held random conversations.

Hard-core skiers such as Howard Blitz, 40, from Los Angeles, was looking to board for new challenges; Mary Turner, 41, from Maine, told me: "When you begin to float on fresh powder for the first time, it feels like you are windsurfing, and there is no other sensation like it in the world."

Some parents, such as Barbara Graham from Salt Lake City, took up boarding when her son Rick was learning to ski. "Skiing is so boring with little kids," she explained. Rick, now nine years old, is learning to board.

Steve Bills learned to snowboard not only because of the demands of his job but, like many parents, in order to share more mountain time with his 12-year-old son Brandon.

Magazines covering the sport are adapting too. The industry standard has been *TransWorld Snowboarding*, which promoted its August 1995 issue as "604 pages of raw jock action". Its action pictures showed teenage boys in monotone clothes leaping cliffs.

"I like snowboarding but I might not want to read the

same thing as 15-year-old boys," says Zaccaro.

Sensing this growing middle market, *Times Mirror*, publisher of *Ski and Skiing* magazines, launched *Snowboard Life* last November. And a new magazine has hit the stands for women boarders.

At the other end of the spectrum is *Blunt*, a self-confessed "slick and nasty" boarding magazine.

Not surprisingly, *Wall Street* is riding the sport's growing wave. *Ride Boards* was first to be publicly listed in May 1994. Between 1993 and 1994, net sales soared tenfold to more than \$25m, then jumped another 200 per cent last year to \$74.8m. In January, *Morrow* boards became the second Nasdaq snowboard listing.

Board designs are now influencing downhill ski technology. The first "fat boy" powder skis were said to have been a snowboard cut in half. And parabolic skis were introduced this season, borrowing from board designs to feature wide tips and tails and narrow sides under the feet.

A few purist ski mountains still resist snowboarders, although one, Park City, Utah, has applied to be the snowboarding venue for the 2002 Utah Winter Olympic - and has been accepted. A mountain that today bars recreational snowboarders is to host the Utah Olympics' snowboarding competition.

The sport is certainly making inroads.

Todd Shapera flew to Salt Lake City courtesy of Delta Airlines and stayed at Snowbird's Cliff Lodge.



Ali Zaccaro: 'I wanted something more feminine'

Todd Shapera

We are all beginning to wonder whether there is enough in the garden for this summer. The winter has done surprisingly little damage, but will the show be over by mid-July? For years, many a garden's show has been over too early because of a silly prejudice.

The prejudice is aimed at dahlias. The majority of the population grows them with gusto, whereas the fastidious minority has tended to regard them as fireballs from hell.

The prejudice took off in the years of insipid ground cover when we were all supposed to be using woodruff to block out weeds. Dahlias were thought to be exotic, artificial and too bright by half. Many gardeners turned their backs on them and have not looked over their shoulders since.

This prejudice is idiotic. Dahlias come in all manner of shapes, colours and forms and they are a godsend to gardeners who want a tall, varied range of colours in borders during August and September. One of the glories of late summer, they are not always credited with their full role in the famous cottage garden at Sissinghurst, Kent. The more posterous forms, flowers like mauve balls with white speckling or huge heads of copper-salmon more than a foot wide, fed the prejudice. Dahlias have tended to turn up en masse in front gardens or borders with no room for anything else. They look overpowering, but there is no need to opt for this over-kill. They are marvellous plants for small groups in the middle and back of borders which have otherwise peaked.

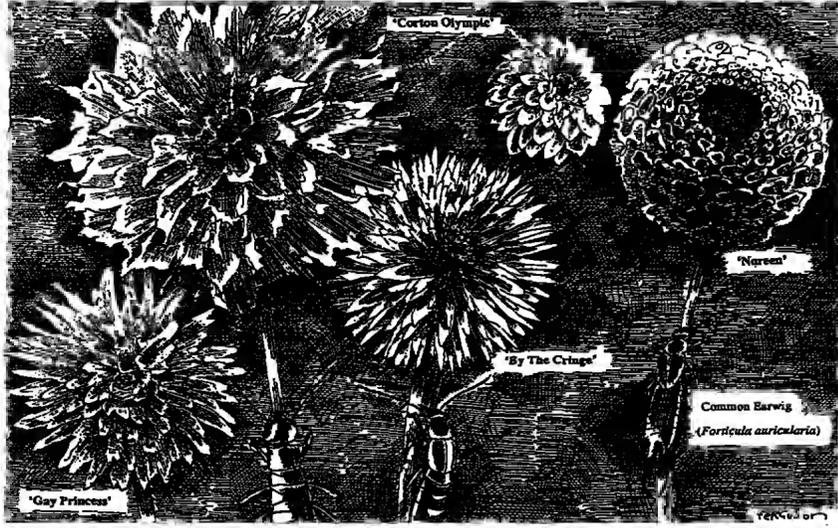
The other prejudice is that they are difficult. Many of you

may share the image of John Mortimer's voyage round his father which showed the old man conducting his blind war against the day's crop of earwigs on his unseen dahlias in the summer border. That impression could be confirmed by a reference to our father-figure, the late Arthur Hellyer. His magisterial advice on dahlias includes the scattering of pepper-dust on the leaves in August and "the placing of inverted flower-pots, stuffed with hay, on stakes beside each plant to combat earwigs. For other foes, see Section 8".

Evidently, our fathers knew how to deal with their earwigs, but I have never found them to be such a pest that they need particular treatment. The big problem about dahlias has always lain elsewhere.

They have to be lifted each autumn and the tubers have to be saved until March in a frost-proof shed and then started into growth in a greenhouse at least 50°F. The tubers then send up young shoots which can be cut off and rooted separately as the plants for the coming summer. Somehow, busy readers are unlikely to remember each stage in the process and many of you will not want boxes of tubers overwintering in a back room in a mixture of soil and peat.

There is a bluffer's way round the tuber problem. A few outrageous trial supply rooted cuttings of first-class



varieties which you can grow in gentle heat from mid-April onwards. They should be potted into 5in pots and shaded at first and so long as you do not over-water, they will grow and be ready for planting out-

doors in early June. They loathe frost, but they have an amazing ability to make strong, free-flowering plants in their first year from a rooted cutting. Visitors to the autumn Royal Horticultural

Society shows will hardly need reminding of the lovely varieties shown by Aylets of Hertfordshire, but Aylets does not supply by post and a visit may be difficult for many. The alternative is to send off

to Halls, West Heddon Nursery, Heddon-on-Wall, Newcastle NE15 0JS (Tel: 01661-832445). This year is the 75th anniversary, and they certainly know how to grow and supply dahlias. You need to

order their rooted mini-plants before Easter and in return, they will post them to you, ready for potting, about five weeks later. Alternatively, you can pay a further 20p per plant and receive bulkier pot-grown plants from mid-May onwards.

This option will suit people who have little or no heat in their greenhouse, and if you delay receiving pot-grown stock until early June you can plant them directly outdoors. Postage costs, however, are high and Halls prefers the mini-plant method.

This short cut brings exhibition dahlias within reach of all of us. The Halls list is full of the latest medal-winning varieties, so much so that it seems as if nothing produced before 1990 is now worth considering.

The problem is the range of choice, among which lurk some visual monstrosities which may appeal to exhibitors but which will strike gardeners as nothing but freaks. The safest choices are those with smaller flowers, especially the small cactus and water lily varieties, both of which are superb as cut-flowers.

Pompons are more of a risk and somehow, they seem to proliferate with shades of purple. Most of the Giant Cactus and Giant Decoratives look ridiculous as back-up in a civilised border, but I do have a weakness for the self-explanatory Black Monarch whose dark crimson flowers are enor-

mous at a height of 4ft.

If in doubt, choose the whites and yellows and be wary of forms which claim to be a deep red. The red is not necessarily a dark one. At shows, I have noted the excellence of small cactus forms with the second name Kerk-rade and water lily varieties with the second name Heemstede.

There is also sense in choosing varieties which are listed as free-flowering or early because exhibitors do not demand these qualities as much as gardeners. Bicoloured forms are much more risky and include some of the shockers which have given the family a bad name. Strong colours are another matter. I may live to regret it, but this year I have majored on Shandy, a small semi-cactus variety which is "a lovely apricot bronze that just flowers and flowers".

Mini-plants by post allow us all to cheat, although they cost about £1.65 each. The key to good dahlias is to buy the best medal-winning varieties and be sure to keep them well watered during the summer. They hated last year until the autumn weather became heavenly and then they regained their stride. You may want to fight the earwigs or you may not want to invest in pots of appropriate hay.

You must, however, water the plants thoroughly throughout the summer if you want them to develop and you should also add liquid, chemical fertiliser in order to add an extra glow and strength to the flowers. Otherwise, the storage problem is no longer insuperable and the best of this invaluable family can be yours through parcel-post.

SPORT

Rugby Union / Huw Richards

The best - and dullest - side in Europe

Nothing Will Carling, the England rugby captain, has ever lacked a sense of timing. It was his ability to time a pass to commit an opponent and put the receiver into a gap which first marked him out as an exceptional talent - and would also, combined with his straight running and solid defence, have made him a magnificent rugby league player.

England did last Saturday will ever be popular except with their committed followers. For many Englishmen there is frustration at unfulfilled potential. Rugby union's central problem as a spectacle is that it is too easy for a team bent solely on stopping the opposition to make it virtually unwatchable. England did that, with immense efficiency. Their advance on the Triple Crown has something of the quality of Argentina's soccer World Cup run in 1990 - getting the results, but by strangulation rather than creation.

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Carling: never lacked a sense of timing

Cricket / Simon Hughes

The lessons for England

How can Sri Lanka beat us? asked the man staring glumly at the last rites of England's World Cup quarter-final last Saturday. "We taught them the game." This is the kind of arrogance that lingers in the subconscious of England's cricketing fraternity and ultimately represents one of its greatest enemies.

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Soccer / John Perlman

The bright lights of Brazil

Juninho hails passing travellers from a large poster at Middlesbrough station, urging them to stay off the tracks and "leave the dangerous crossing to me". Outside the Riverside stadium, the Express Cuisine foodstand offers passing fans a choice between a Brazilian Duo Burger (two patties laced with "hot sambas sauce"), and a giant hotdog called a Juninho Plonker. In the club shop there is "Brazil-mania!" - Brazil flags, Brazil scarves, "new Juninho/Branco Bronx hats".

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Branco: 'I hope they don't expect me to score with every free kick' Asson

Athletics / Pat Butcher

Du'aine's man-killer world

Len Davis, the 1962 and 1966 Olympic 400 metres hurdles champion used to call his event "the man-killer". But Davis had already switched from the 400 metres flat race, because it was too hard. "There are a lot of invalids out there who know how he felt, and Du'aine Ladejo, the European champion, has been among them."

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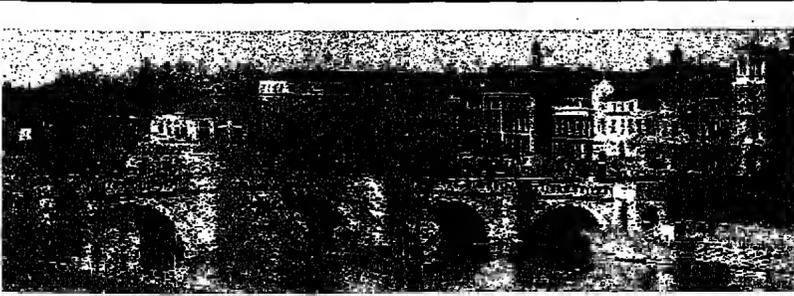
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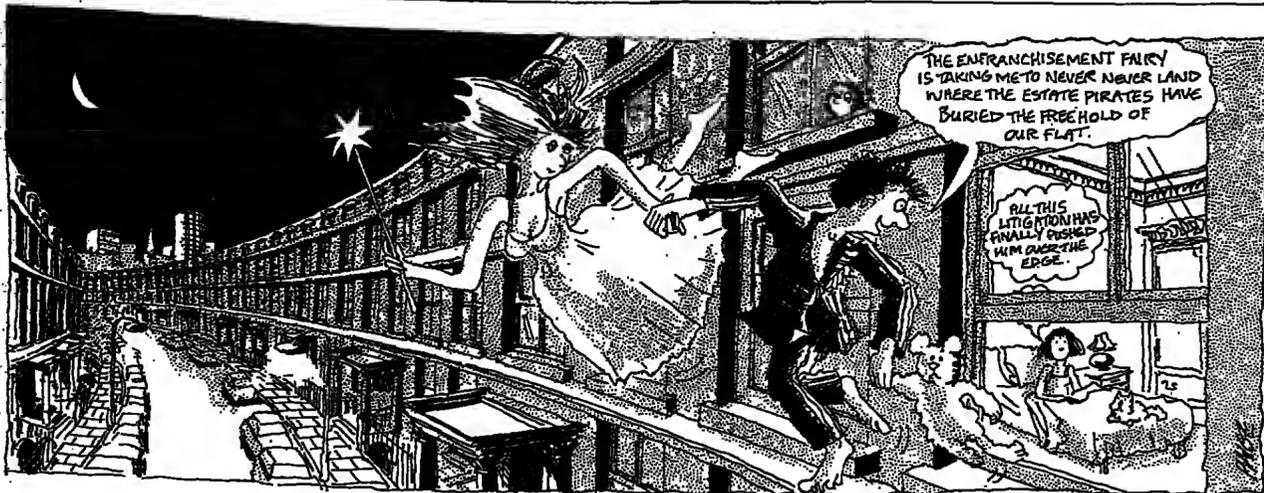
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Leasehold Reform / Gerald Cadogan

Act expects a judgment shortly

The Leasehold Reform, Housing and Urban Development Act 1993, which has been in force since November 1993, yet until more cases have been settled it will continue to have a limited impact - at least in central London.

The Leasehold Valuation Tribunal has still to issue an enfranchisement (obtain the freehold of a property held on leasehold) decision involving one of the largest estates - such as Grosvenor and Cadogan - and, it is feared, the Lands Tribunal has heard no appeals.

But the situation has changed. The Lands Tribunal has decided on an estate management scheme for the Grosvenor estate in Mayfair and is considering such a scheme for the Smith's Charity estate in South Kensington. This decision enabled Smith's to go ahead with the sale of the estate to the Wellcome Trust. This began last summer but is only 60 to 70 per cent completed after some disputes reached the Court of Appeal.

Soon the Leasehold Valuation Tribunal will issue an important decision in establishing the price at which tenants can gain the freehold on a big estate - in Eaton Mews, South in Belgravia. But "whatever the result," says George Pope of John D. Wood (acting for Grosvenor), "you may be sure an appeal will follow."

Charles Boston, of valuation surveyors Boston Carrington Pritchard, believes that it will take about four Lands Tribunal judgments before all sides agree on standard valuation procedures.

The process has been slow partly because the big estates take as long as they can. And the act is very complicated. "It is a hotchpotch," says Boston, "but it is good news for me. It brings business." His firm will soon be releasing a survey of 1,100 London solicitors which

will show that the profession is very critical of the act.

The 1993 act extended the Leasehold Reform Act 1967 by allowing flat-owners with long leases collectively to buy the freehold or individually to buy a 90-year extension to their lease. It also removed the restriction that had prevented tenants of houses with high rateable values from acquiring their freeholds.

Provided the leaseholders can show that they are resident and individuals rather than companies, disputes centre on the price of acquiring the freehold. A tenant should expect to pay a sum that will include a capital sum equivalent to the value of the ground rent over the remaining term of the lease plus the price of the freehold with vacant possession converted to a present value by discounting over the same term; plus at least 50 per cent of the "marriage value".

The marriage value is the difference between the value of freehold vacant possession and the sum of the tenants' and the landlord's interests in the building. In effect, it is the profit that either party would make by buying the other's interest on the open market.

In most cases so far, the valuation tribunal has split the marriage value equally between the two parties. But the estates are trying to build up a case law to support the contention that they should get a higher share. In one instance, Boston negotiated what he saw as a 50:50 division, but the estate viewed it as 60:40 in its favour (and would be likely to adduce it as evidence for claiming more than 50 per cent). "It depends on what you take as the market value," he says.

The estate took a low figure, thus in effect increasing the amount it can claim as its share of the marriage value. Another contentious issue is

the discount rate which must be assumed for converting the estimated freehold value at the end of the lease into a present value. This figure is, in effect, the yield which would be obtained from the money if it were invested over the period; it measures the fact that the present value of freehold which becomes available in 100 years is less valuable than if the lease expired in 10 years. The lower the figure for the discount rate (the estates generally suggest 6 per cent), the higher the price to the leaseholder for buying out a future

Just before Christmas, the valuation tribunal decided on a 50:50 marriage value split and a 7 per cent yield. Harrow normally has lower than any price under the 1993 act, since it does not include a proportion of the marriage value. Once the landlord gives notice, tenants have 60 days to declare an interest, and contracts must be exchanged within seven months or the deal collapses.

But Smith's did not do this. Instead, in the height of summer when many people were away, Wellcome sent notices under section 18 of the act which gave tenants just 28 days to decide. There were heroic efforts to locate tenants, and get them to express interest.

Lately the story took another turn when Zipporah Malwaraj, a tenant acting for herself and others in Yeoman's Row, SW3, won the right in the Court of Appeal to receive section 5 notices.

She represented herself against an eminent QC - and won most of her points. Now she and others await their section 5 notices.

But since that judgment a month ago, Smith's has returned to court. Now it may defer the sale of any block until after the management scheme has finally been settled. That might take a year if there is an appeal, although it is hoped that the valuation tribunal - which is meant to be one of the speedier ways of settling disputes - will produce its decision by May.

And the longer the final decision takes, the higher the price may become as Smith's and Wellcome have agreed escalation clauses.

With such a complex act, tenants should be sure they can afford to buy themselves out. The bill may include the costs of the different tribunals, plus the reasonable costs of the landlord as well as their own costs. Tenants need stamina, cash and good advisers.

Leasehold Enfranchisement Advisory Service: 0171-493 3216
Leasehold Enfranchisement Association: 0171-937 0866
Understanding Leasehold Enfranchisement is available at £10 from Boston Carrington Pritchard (0171-834 8181).

Such management schemes may, for example insist that the buildings are painted a uniform colour, which makes Belgravia and Regents Park so attractive. Management schemes can also control the use of buildings.

It is no coincidence that many of the most attractive parts of town are leasehold. To see what happens without these protective agreements, contrast Pimlico (formerly Grosvenor), with its wild multi-coloured paint schemes and boarding houses and cheap hotels, and adjacent Belgravia (still Grosvenor) with its uniform residential magnolia.

Many leaseholders are apprehensive that the schemes will give the estates unimpeded rights of entry, especially when they have ceased to be freeholders. In the Smith's case, now before the valuation tribunal, amendments are flying to and fro. The landlord has withdrawn a proposal to give it unrestricted right of entry if it believes that the building is being used for immoral purposes. It must now obtain a court order first.

Smith's first asked the valuation tribunal to approve the management scheme in October 1994. Opposition has become stronger since Smith's agreed to sell the estate to the Wellcome Trust.

The agreement with Wellcome should have triggered section 5 of the Landlord and Tenant Act 1987. This says that if a majority of tenants wants to buy the freehold they must be given first option when it is

freehold. In such cases the division of the marriage value also becomes important.

For typical "short" leases of 30 to 40 years, a difference of 1 percentage point will make a very large difference to the price the tenant has to pay.

For a very short lease (in which the freeholder's interest is closing fast on the open market value), the marriage value is a less significant part of the bill. Landlords will stick at 6 per cent yield, not 75 per cent marriage value," says Shingles.

These are typical issues for the Leasehold Valuation Tribunal and will be for the Lands Tribunal, where the first appeal could involve a house (with 53 years on the lease) in Hamilton Terrace on the Harrow School estate in St John's Wood.

But, like it or not, cars have become privately operated public transport. Life as we have come to know it could not go on without them, which is not to say we should allow their numbers to grow unchecked until our towns are gridlocked. Environmentalists appeal to car owners to walk, cycle or go by bus instead of driving are understandable but ignore the realities.

Outside the main cities public transport is often slow, infrequent and expensive - where, that is, it still exists.

Investing in improved public transport such as park-and-ride schemes is effective in towns only if accompanied by severe restrictions on car use. Out of town, it will not matter how many more buses are put on the road if they are not used.

But how to build a customer base? By telling 17-year-olds that passing the driving test does not automatically entitle them to put down a deposit on an old banger they probably cannot afford to run? By increasing motoring taxation so that a car is beyond the means of low-income families? Or even making the non-essential company car a burden, not an attraction?

Which mainstream political party is going to alienate its supporters by trying to force car owners to public transport? I pass.

Let there be more honesty and less hypocrisy about building roads that benefit the majority, even if they do upset vocal minorities and make good TV.

Common sense to the fore

Jim Kirby felt the Kent village where he had lived for nine years was affected by planning policies that led to the destruction of its character by infilling with new homes in unsympathetic styles and materials. Fed up, he and his wife moved to Dorset.

After five years there, however, they noted a tendency by the local authority to erode the previously open "lungs" in the heart of the village by infill housing.

"Considered individually, each new house had its merits - some even architecturally - but the overall effect on the village was to dilute its essential character," says Kirby, 57. "It was getting like Kent all over again, only this time we decided to stay put."

His experiences in the two villages prompted Kirby to found The Listed Property Owners' Club. Its aim is to act as a focal point for owners of the 400,000 listed properties in private hands in the UK.

It now has 2,000 members and Kirby forecasts a revolution in the way the planning system looks at listed buildings, especially houses. "At present we have a system in which the costs of administering applications for some form of improvement grants frequently costs more to the local authorities saddled with the job than the sum which is eventually handed to the applicant," he says.

"This is patently ridiculous and points to an obvious and sensible reform that the Listed Property Owners' Club would like to see instituted as soon as possible. This is to abolish improvement and repair grants completely on all Grade II listed houses - that is more than 80 per cent of all listed buildings - and replace them with a reduction in VAT on repairs to listed buildings."

At present, he says, the VAT rules state that work on existing buildings is VAT-free only on new work and alterations, and not on maintenance. Kirby says: "It means that if you want to rescue the roof of a listed house you must pay the full VAT rate of 17.5 per cent, and if you build a new garage you are not liable to VAT."

"The result is that people are often pushed towards altering listed properties in a way which contravenes good practice, like lowering the pitch of a roof on a vernacular building and scrapping old but serviceable tiles in favour of new ones because there can be a large saving in VAT."

"Listed property owners have been putting up with this sort of silliness for years. It is time we got rid of it."

The club is also calling for the establishment of a mediation system - a form of specialist ombudsman to act between applicants and planners.

"One of the main problems is that there are far too few local authority planners - fewer than 800 - specialising in listed properties," Kirby says. "The control system is poor and too many fast, irrevocable decisions are taken by overworked officers who often do not have the time to give the matter full and measured consideration."

After 2½ years running the club as a spare-time activity, Kirby, a marketing executive, has reached the point where he would like to hand over the club, a limited company, to someone else.

"There are close to 1m in this country living in listed properties," he says. "I'd like to think we could ultimately attract 10 per cent into the club. I certainly think we could go to 40,000. Then we'd be able to form a network of local groups and get a parliamentary lobby established. This would give us sufficient clout to get things moving."

Clive Fewins
The Listed Property Owners' Club, Sturminster Newton, Dorset DT10 2BR. Tel: 01258-817806. Membership, which includes a quarterly newsletter, costs £20 a year.

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Snail's pace on the A34

It was vertigo *moultiniana*, a 2mm long snail, that proved to be the straw that broke the camel's back. Or rather, my back. I had kept my peace - if not my personal cool - while work on the Newbury by-pass in Berkshire was disrupted.

But when the presence of a colony of snails on the route of a £100m road was put forward as one of the reasons for halting the project, something snapped. What had happened to our sense of proportion?

Newbury was once a pleasant Thames Valley market town. Now it is a classic example of the havoc road transport can cause. Its misfortune is to stand at the junction of the old Bath Road (A4) and the A34. Much former A4 traffic now uses the M4.

But, since the railways lost the business of moving manufactured goods from Midlands factories to Southampton docks, the A34 has become an industrial artery.

Most of it is dual-carriage-way. Sclerosis sets in at Newbury. Streams of heavy lorries flow south, bypassing Oxford but forming a grunting, stinking tailback at the A4-A34 junction.

I try to avoid Newbury, but during the past 20 years I have seen the hold-ups - and the environmental damage - worsen.

An open-and-shut case for a Newbury by-pass? I would have thought the only possible argument would have been about whether it should go to the east or west of the town, or conceivably underneath, like

the tunnelled A104 Great North Road at Hatfield. After years of arguing, it was decided to route it west.

And that was when the protest industry moved in. Pictures of security staff removing - and often failing to remove - protesters who had climbed trees or chained themselves to excavators filled our TV screens.

The case for the by-pass went by default. Yet analysis of the Highway Agency's traffic forecasts show that the by-pass will remove up to 30,000 vehicles a day - about 4,500 of them heavy lorries - from the A34, which runs close to the town centre. And by so doing, it will improve air quality, reduce noise, dust and vibration and make travel safer for other road users, cyclists and pedestrians included.

It will also allow Newbury people to benefit from better management of local traffic, and save an estimated 28 lives over a 20-year period.

Of course, trees have to be felled and a colony of mini-giants disturbed so the by-pass can be built. But the chaotic mess of a big road construction site soon gives way to newly graded embankments and cuttings.

Thousands of new trees have been planted - the Department of Transport now plants more each year than the Forestry Commission - and the verges of main roads attract enough wildlife to gladden any nature conservationist's heart.

The nonsense being talked about new road construction beggars belief. "Covering Britain's last few green acres with concrete" is a favourite. One has only to fly over the heavily populated but still remarkably open home counties to realise what nonsense that is.

Of course, more must be done to reduce the growth in the volume of traffic which is tearing our towns and villages apart. Apart from building more by-passes, long-haul freight should be diverted to rail where practicable. The use of huge articulated lorries for local deliveries ought to be curbed. In a high street these juggernauts are out of scale with their surroundings.

There should be more physical barriers to separate town traffic from pedestrians - kerbs too high for vehicles to climb and, popular in France, decorative stone flower troughs at the roadside.

Cars and lorries really have no business being driven at 30mph/50kph within an arm's length of unprotected pedestrians. Keeping vehicles in the road where they belong would also put a stop to that curse of urban life, pavement parking.

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BOOKS

Christian kitsch put in its place

Harry Ritchie admires a prejudice-free look at how different faiths use religious objects in the US

One would have thought that writing a book about Americans' religious paraphernalia would be the literary equivalent of being handed a gun and pointed towards a barrelful of fish. All those porcelain saints, paintings of sunsets and doe-eyed children, "I Love Jesus" bumper stickers, "University of Heaven" T-shirts... what writer could resist the comedy value of Christian kitsch?

Well, Colleen McDannell has managed to do just that, with the result that her book, *Material Christianity*, is a marvellously intelligent and sympathetic look at an aspect of religious culture that is usually guaranteed to inspire just as much gleeful disdain as any televangelist's scandal. By not succumbing to the temptations of having a good laugh at "Jesus junk", McDannell is able to show the surprising variety and real purpose of ornamental Bibles, scripture cookies, Jesus lampshades, even Mormons' sacred pants.

A fondness for decorating shrines or praying to saintly figures has traditionally been regarded as a Roman Catholic trait, and one that Protestants have delighted in condemning as typically glib and idolatrous. *Disturbing though this news will be to such as my late uncle, who used to campaign against Christmas carol services at his church (the proposed candles being an appalling sign of "Popery"), pious props are extremely popular with non-Catholic believers.*

Protestants may well pray to a print of Walter Sallman's enormously popular painting "Head of Christ". Even Methodists have their own treasured relics - the Methodist Archives at Drew University feature pieces of John Wesley's coat, the wooden peg from the

First Methodist Church in New Jersey, a bit of George Whitefield's thumb.

My late uncle would have been hugely cheered to know that his Presbyterian contempt for religious knick-knackery has a long and lofty intellectual tradition. This tradition assumes that, if you are spiritually mature, you will grasp religious truths without material aids such as statues, which are therefore useful only for the dim and silly. This line of thinking goes on to attack the use of sacred objects as idolatrous, on the grounds that the image has been mistaken for the reality, the physical sign is being worshipped rather than any spiritual truth.

By the middle of this century, scorn for "material Christianity"

MATERIAL CHRISTIANITY: RELIGION AND POPULAR CULTURE IN AMERICA
by Colleen McDannell

Yale £25, 368 pages

had overwhelmed even Catholics, or at any rate members of the Catholic intellectual elite. They derided "Part Saint-Sulpice" - the mass-produced plaster statues of Mary, Jesus, and key saints. These proved to be enormously popular but not among Catholic aesthetes, who condemned the style as "kitsch". They promoted instead devotional art which was "pure", "genuine", "well-made", devoid of fuss and frills.

According to McDannell's very

persuasive argument, the aesthetes' usual elitist and patronising attitude to popular culture was given a special misogynist twist here, for religious kitsch was dismissed as full of trippery, responsible for turning Christ into a dainty and girlish figure and for turning the church into a place fit only for old women. Hence Jesus's change of image in the 1960s, from the bearded mummy's boy of the figurines and Sallman's painting into those post-hippy portraits in which the Son of God looks like a particularly anguished heavy-metal drummer or an extra on *Baywatch*.

It is typical of McDannell's enlightened approach that she does not follow the highbrow party line by dismissing "kitsch" as commercialised rubbish forced on a mass public of foolish, passive consumers. She prefers to take a prejudice-free look at how people of different faiths, classes and ethnic groups all use religious objects to strengthen and express their devotion. How American Catholics acquired a taste for magic Lourdes water, the significance of a Protestant cemetery in Philadelphia, the mystery of Mormons' secret underwear... Fascinating though these particular accounts are, they are outshone by McDannell's browse through the catalogues and shops of bona-fide retailers. Sales of evangelical bric-a-brac, CDs, books, exercise videos and so forth now exceed \$3bn every year in an American market that has avoided the recession and is still expanding rapidly.

Such is McDannell's capacity for Christian sympathy, she refuses to sneer even at the squirmingly unhip merchandise allegedly aimed at American youth - Ten Commandment rulers, "Jesus-eats" posters, T-shirts informing passers-by that "In Case of Rapture This T-Shirt Will Be Empty"... In fact, McDannell is almost sympathetic to a fault, given that she manages to be nice not only to evangelical shopaholics but to Madonna. The singer's self-advertising ramshackle abuse of religious images is probably motivated by profit. McDannell reckons, but adds that we cannot dismiss the possibility that the songstress really is struggling to come to terms with her Catholic upbringing.

It is truly heartening to come across a work so intelligent as this and so committed to (in both senses) understanding. Together with McDannell's rigorous research, and her clear, jargon-free style, these qualities make for an admirable and surprising book.



Monument in the pop-cultural landscape: John Wayne with Janet Leigh in 'Jet Pilot'

Cracked Colossus of the Wild West

Nigel Andrews on the paradoxical life and indecent politics of the great American cowboy movie's ultimate hero

It takes two authors to wrestle John Wayne into submission and 700 pages in which to do it. But as Professors Roberts and Olson suggest, even in their title, Wayne was more than a movie-star and more even than that next rank in the showbiz hierarchy, an icon. You can hang an icon on a wall or stand it on an altar. All you can do with Wayne is clear the entire pop-cultural landscape around him.

He moved through cinema history, as through this book, like a hip-swinging Colossus: or like the New World's revisionist answer to the Trojan wooden horse, America had to let him in if it was to keep out such post-war enemies at the gate as Communism, liberalism, pacifism, sexual deviancy, student rebellion and Jane Fonda.

In the 1950s Wayne supported the red-baiting Joe McCarthy and assisted blacklisting as President of the "Motion Picture Alliance for American Ideals". In the 1960s he campaigned for Goldwater and Nixon, and was even invited to be the arch-conservative George Wallace's running mate in 1968.

That was the year when most of the west was turning to liberal values. Wayne himself was busy producing, directing and starring in *The Green Berets*, the only pro-war film Hollywood made about Vietnam.

Yet almost every cinephile from left or right has loved this man and been compelled to puzzle over the contradictions. Jean-Luc Godard wrote: "How can I hate John Wayne upholding Goldwater and yet love him tenderly when abruptly he takes Natalie Wood into his arms in the last reel of *The Searchers*?"

The answer is: his indecent politics came out of a decent set of human values. Like many right-wingers he extended ideals that are creditable on an individual basis or in movie yarns - loyalty, stubbornness, courage, the passion of a ruling idea - into the arena of collective ideology, where they turn so easily into bigotry, intolerance and supremacism.

Ironicly, Wayne did not even live up to the standards with which he made life difficult for others.

Guilt at his own failure to join up during the second world war may have triggered the atoning hawkishness of later years. He championed family values through three failing marriages, one to a tempestuous Mexican alcoholic. And though he was Hollywood's poster boy for tough, confrontational candour in films like *Red River*, *Rio Bravo* and *The Searchers*, in life he anxiously concealed such human lapses as illness, marital breakdown and two bankruptcy crises brought on by incompetent advisers.

The authors know there is something touching, though, about a statue with cracks. Indeed they make Freudian capital out of what may have been the first hairline

JOHN WAYNE: AMERICAN
by Randy Roberts and James S. Olson

Free Press £17.99, 738 pages

fracture in Wayne's (self)image: the trauma of a childhood spent with the first name Marion after his younger brother was christened Bobby, thereby stealing Wayne's own second name which he had preferred to use. The actor later called himself "Duke", after his dog. But he never answered to his screen name, which was dreamt up by two executives who never consulted him.

Roberts and Olson, both history professors, have done awesome homework. They invoke every tome remotely germane to their hero, from *Statistical Survey Of The County Of Antrim* (for Wayne's Irish ancestry) via William Manchester's *The Glory And The Dream to Radiation Therapy And Oncology*, which lends grisly authority to the account of Wayne's nine-hour operation for the stomach cancer which finally killed him.

Our only quibble is that a lot of learning can be a dangerous, or at least a distracting, thing. Through the sea of facts do we really discover the deepest secrets and paradoxes of Wayne's screen appeal?

How was it possible, for instance, that a future star, whose first leading role came in 1930 in Raoul

Walsh's epic western *The Big Trail*, should then vanish for a decade into the lowliest B-movies? (The year after Walsh's film, Wayne could be found playing a corpse - no dialogue, no action - in Columbia's *The Deceiver*.)

Only when rediscovered by Ford in *Stagecoach* (1939) did Wayne become the stuff of legend. His purple period began: *Red River*, *Fort Apache*, *She Wore A Yellow Ribbon* - and soon it was impossible to look at the great western landscapes, notably Monument Valley, without seeing in them the ghostly outline of Wayne's grizzled features, or bearing the sound of that pause-laden voice in every breeze moving through the buttes.

Had he changed or had the times changed? And in those superstar years, what proved so magical about a man with a big nose, an amiably stiff-jointed acting style and a pair of narrowish Oriental eyes that helped secure his most ill-fated role, Genghis Khan in 1954's *The Conqueror*? Ill-fated not for the bad reviews but because the movie, shot in Utah-sandhills toxic with atom-test radiation, resulted in half the film's 220-person cast and crew later succumbing to cancer.

I suspect that Wayne was special for mid-century Americans because he had been battered into stardom. For its frontline hero during and after the war, the western world wanted not some overnight pin-up but a man who had been dragged through the movie trenches. After his B-picture decade Wayne came to *Stagecoach* with every false tic and glibly ingratiating mannerism shot, slapped and beaten out of him. He had won strength through survival. The voice was a sandpapered drawl. The face was cocked wryly and interrogatively, as if he did the judging rather than other people. And the hip-swinging walk, copied by a hundred impersonators, showed a man so comfortable with his manhood that he could move across the screen as lazily and hydraulically as Monroe. John Wayne was a great star because he could make most other actors look as if they were trying to be one.

J.D.F. Jones reviews new fiction by established authors while Brian Martin tackles a recent flush of first novels

Upside-down worlds

Years ago there was a rather good West African film was it called *Fez à Fez*? In which the black protagonist goes to France and plays the anthropologist. In "Candid Camera" sequences he accosts bemused but courteous Parisians in the street, asking to count their teeth, cross-examining a girl as to why she is wearing a yellow jumper on a Tuesday, and so on.

I mention it because the idea - the jest - behind Christopher Hope's new novel, *Darkest England*, is scarcely original: the Bushmen send their envoy, David Mungo Boo (sic) to the Britain of the 1990s to see the Queen. The appalling adventures that befall him on his safari into this particular heart of darkness are described, after a slow start, with unflagging and not-too-savage satirical wit.

Boo on arrival is accommodated at Her Majesty's pleasure; he is rescued by an unfringed bishop and his stepdaughter; he is kidnapped by an all-too-recognisable peer who runs a game park, claims to be an honorary Zulu, and has a stable of frustrated wifelets; he is pursued by fox hunters and saved by Newbury-style travellers - that sort of thing. Hope does not miss a trick: "David Mungo Boo, I presume"; "out of England there is always something new"; "the natives were growing restless"; "I lay back and thought of Bushmanland"; "Exterminate the brutes".

It is fun, and the Bushman lore is accurate, but it would be even better to be given the major novel of

DARKEST ENGLAND
by Christopher Hope

Macmillan £15.99, 283 pages

DAYS OF GOOD HOPE
by Paul Wilson

Jonathan Cape £9.99, 216 pages

PARTICLE THEORY
by Jonathan Gathorne-Hardy

Hutchinson £14.99, 265 pages

which Christopher Hope is capable. (And yes, in the end David Mungo Boo gets to meet Her Majesty, as well as her irascible consort.)

Paul Wilson's hero in *Days of Good Hope* is that difficult creation, the incoherent man who is entering his sixties and needs to look back on his life. Ewan McCarthy is a modest, unremarkable, successful, Lancashire solicitor - "a competent man, clever even, but lacking in a certain light a human heart". The formative event of his life was his friendship in 1941 with an American GI, Sol Werbernik, who would be killed after D-Day but whose challenge to the English boy ("Be like Hemingway or Walt Whitman... Be like Mark Twain...") and whose own dramatic adventures have set Ewan a standard against which his subsequent uneventful life seems to fall short. In the evening of his career, he takes on the controversial case of a mother suing the big local factory for responsibility for the death from leukaemia of her own son; he later discovers the link with Sol

But Sol, in whom Ewan has always believed, was not what he claimed (another fraud, like Hemingway?). Ewan will reject the thought that he has wasted his life; he hurls a whaling boat - an ark - on the hill above the town to the memory of Sol and of Sol's grandson who died from the radiation discharge.

This is a novel which does not benefit from summary and must be read for the simple pleasure that comes of fine, taut writing and a thoughtful, controlled sensitivity.

Particle Theory is an unappealing and pretentious novel on the theme of the doppelgänger. Jonathan Gathorne-Hardy has two characters who occupy alternate chapters: Ivan, child of a bleak and violent Soviet collective farm, and Michael, English middle-class orphan, sheltered by his grandmother in a way that guarantees lifelong neurosis. They share an image of a childhood desertion; they meet - surprise! - on the last page, and do not recognise each other (why should they?). Gathorne-Hardy has previously written a book about English nannies and they seem to be on his mind still.

Ivan's life takes him from the steppes to Cambridge, to Paris, to Serengeti, to Chicago, etc., and includes a lot of arm-wrestling. Michael is a weirdo who spends the years putting on weight and collecting his pee and his stools in demijohns. The parallels between these two lives are presumably the subject of the novel, yet I found nothing in these pages to enlighten, or interest, me in the mysterious, difficult and potentially fascinating concept of the doppelgänger.

There is nothing which approaches the moral seriousness of Graham Greene, the labyrinthine complexity of Iris Murdoch's mind, or the tart, witty commentary on life of Julian Barnes, amidst the recent flush of first novels. There is promise of a huddling seriousness, an on-going philosophical wrestling-match, in Patricia Duncker's *Hallucinating Foucault*. It belongs to the tradition of quest stories and seeks a delineation of the relationship between writer and reader. The scholar-reader of a mad, 1988 Parisian revolutionary writer, Paul Michel, sets out to find him, searching through library and lunatic asylum, and arranges a same-sex elopement with him to Provence, where the relationship is destroyed.

Duncker raises issues about Eliot's theory of the impersonality of the artist, about the nature of madness. "It destroys every aspect of your life", and about the nature of love. Often the writing is powerful, vivid, delivering descriptions in staccato Hemingway sentences: "The tables are deserted. The bar is empty."

Her images have a memorable brilliance: green lino "tortured with cigarette burns", undertakers are "sleek as gangsters in dark glasses and black gloves". She gives us a superb twist to the plot towards the end, a symbolic death, and leaves the Red Cross knight of the novel continuing his campaign. Her provocative writing is welcome.

Martin Bonehouse is also about quest. The hero tries to escape his ordinariness, his unsatisfactory life-supporting authorship of soft-

HALLUCINATING FOUCAULT

by Patricia Duncker
Serpent's Tail £8.99, 192 pages

MARTIN BONEHOUSE

by Mark Stewart-Jones
The Book Guild £14.95, 224 pages

POKER FACE

by Josie Barnard
Virago £7.99, 272 pages

MING'S KINGDOM

by Nicol Williamson
Hutchinson £14.99, 246 pages

THE BIG KISS

by David Huggins
Picador £12.99, 230 pages

porn stories, his stand-up comedienne ex-wife, and finds that you can no more escape your recent past than your ancestral past. The action moves from 1980s suburbia to Welsh provincial life, during which Stewart-Jones's comic views and turns of phrase ("lethargic to the point of narcolepsy") are more agreeable than his contrived mystery. He has a way of putting down towns, which many computer-readers will relish: "... Newport, he used to think that it was one of those towns that should be arrested for acting suspiciously", and Reading as seen from the train, "a town permanently in need of a strong cup of coffee". He has a fertile imagination for summing up characters: Bonehouse's old girlfriend

looks "like a Ducassian collision between Lizzie Siddal and a Next Directory". Stewart-Jones lacks Patricia Duncker's intellectual intensity but his story ends entertainingly and whimsically, deep in Welsh legend.

One novel which the character Bonehouse started to write but never finished was *The Divorce Papers* "the potential readership, for one thing, would be immense". Josie Barnard's *Poker Face* could reach that large audience. It is about a young girl coming to terms with her mother walking out on her three children and husband leaving them in a remote Yorkshire house. Sometimes her style is awkward, "I want to still feel strident", "I wrote it like Miss Sprinkler said". Yet the book has something important to say about family break-up. While initially inviting sympathy for the mother, it eventually captures the anger and resentment of the children, and finishes by recognising the unenviable task of the father and his consuming agony. "The evocation of a child's anxiety and of her thankfulness for her father's reassuring presence is extremely moving."

In a more complicated way, the actor Nicol Williamson's *Ming's Kingdom* makes a strong point about the destruction of a marriage after adultery, and the erosion of a relationship by indifference: "There's not a thing on earth more chilling than your lover's disregard". Yet much of the time, Williamson tries too hard and his efforts show miserably; his aim is too directly at the airport-bookstall. There are vivid purple patches of

soft-porn, a pale version of which is, "the top half of the buttocks sheathed tight, the light satin biting into the crack like the grip of a jealous lover". Film-producing, festering, obscure in-house expressions such as "merry as a grig", a sprinkling of quotation give too great an impression of the designer-novel.

As in *Hallucinating Foucault*, *The Big Kiss* is partly set in a psychiatric clinic. "There was one good thing about mental illness. It was no snob." Huggins is a writer of our times who tells a raucy, violent tale of grompish city life, PR and hype, "untucked denim Bostons shirts, black jeans and hiker boots". Off London streets where carcinogenic emissions from a BP tanker "sprout like grey broccoli from its exhaust pipe with metronomic regularity", Solpeldine is "the champagne of the over-the-counter analgesics". On pavements where the Big Issue is sold, his characters step over a teenager in a sleeping bag. "Spare some change? he wheezed coughing up a tubercular oyster". It is the sick observations that are remembered: "I saw the red glint of a Metex wrapper on the asphalt. Before the thought of Richard Branson could jeopardise my erection... or, frankfurters, 'hot pig-slurry compressed within', not the novel itself.

David Huggins, Duncker, Foucault and Paul Michel of *Hallucinating Foucault* share common themes, "death, sexuality, crime, madness". Huggins's treatment is frivolous compared with the serious intellectual exercises that lie beneath the others' work.

ARTS

The coincidence in London of substantial exhibitions of the work of the American painters Jean-Michel Basquiat and Julian Schnabel is fortunate. In their reputations, both were creatures of the 1980s and the vastly-promoted international art market of those times, which was centred particularly upon New York and its every latest novelty. To look back from our late recessionary vantage point is to look back upon another world.

The comparison between the two is salutary. One was black, the other is white. Both emerged at more or less the same time, around 1980, Schnabel to almost immediate critical and institutional recognition and support, Basquiat to rather more underground and recondite celebrity. He died in 1988 in tragic and squalid circumstances, of an heroin overdose at the age of 27. Schnabel lumbers on.

Fortunes were made both through and for them, though often it would seem quite independent of any virtue or quality in their work. Appearance, style and attitude were everything. And fortunes still hang on the maintenance, however tenuous, of those reputations.

Basquiat is by far the more natural and better artist, for all that so much of his work is perfunctory to an extreme in execution, unresolved in imagery, rambling and inclusive in composition and intention. That, its apologists would maintain, is its point.

What does come through, and with remarkable force, is Basquiat's physical energy and engagement as an artist, manifested in a line that is taut and active, and a remarkable sensitivity of touch, whatever the violence and crudity of the overall effect.

His background, in the later 1970s, was the sprayed graffiti painting of the New York slums and subway, with its base in the popular culture of comic books and advertising, and its natural use of words and slogans. Indeed, under the cryptic signature, SAMO, he was famous among his peers before ever he was known to them.

What made him fundamentally different, however, and immediately intriguing to a more sophisticated audience, was the broader scope of his influences, that extended beyond mere comics and car-



A raw talent excitingly explosive in potential, but tragically cut short: 'Win a \$1,000,000', 1984 by Jean-Michel Basquiat (with Andy Warhol)

The Basquiat Estate

American graffiti

William Packer reviews the work of Julian Schnabel and Jean-Michel Basquiat

toons into the high art of post-war New York painting, from the abstract expressionists to Rauschenberg, Johns and Andy Warhol.

Add to such knowings an evident affinity with Art Brut, native and tribal art as such, and Basquiat's own street-wise vitality, and the mixture is excitingly explosive in potential. The tragedy is that such potential was to remain largely unfulfilled. For here was an artist of raw and unformed talent who was indulged as no more than that, and clearly persuaded that to be raw and unformed was enough. There is no development and further refinement in the work, but only self-indulgence, and an

increasingly desperate self-indulgence at that. Eventually it was to kill him. The talent still shines through.

Schnabel's is a very different case, for while we can but acknowledge his early and persistent success, it is very hard to see sign of any talent whatsoever. If his is a triumph, it is simply over the critical gullibility of others, and good luck to him. But he is no cynic, for he clearly believes in himself and his abilities.

We have here a brief resumé of his career since the early 1980s, including both painting and sculpture. The abiding characteristic of both is a grossly inflated scale, which serves only to emphasise the

emptiness of surface and graphic inadequacy of the one, and the ponderous self-importance of the other.

All we are left with is the innate impressiveness that comes with size alone. Basquiat, too, worked large, but sustained it with energy and attack. Schnabel has never drawn a line that was not flaccid, weak and dull. And the larger the mark or stroke, the more inescapable its qualities, or lack of them. Painting them across a surface of broken plates is only to make them worse.

The most interesting things are the large isotomic bronzes, the "Epitaphs", in a room by themselves. Simple columns,

broad and flat, with lintels above, they are somewhat overbearing and portentous together, but would work well enough alone, their surfaces interestingly textured and patinated. I would rather have seen the worked surfaces of wood and cloth from which they were cast, but there we are.

When Schnabel draws in the paint, it is an embarrassment. His escape is either to run paint broadly across the surface or slosh it about in amorphous figures, augmented perhaps by some graphic text.

"Lux" reads the sign beneath a purple blob and an orange scrawl on a pink ground.

"Vison de Merde" informs a film purple figure in a dark brown void. "Anything", wrote the young Julian 20 years ago, "can be a model for a painting - a poplar tree, another painting, a smudge of dirt."

Just so.

Julian Schnabel: Waddington Galleries, 11 & 34 Cork Street W1, until April 4.

Radio/Martin Hoyle Sounds off the screen

What a curious series Radio 4's *Cinema 100* has turned out to be: a peg on which to hang sound adaptations of famous films, presumably, which seems a bit self-defeating from the start. Radio is best, as the old cliché has it, when creating its own pictures, not trying to conjure up others already celebrated. And what an odd range of choice. If you want to broadcast *A Taste of Honey* you hardly need a famous film excuse: it started life as a famous play, for heaven's sake. If you want to broadcast classics you might as well slap the label of "great cinema" on to plays like *Henry V* or *The Caretaker*, or literature like *A Death in Venice* or *The Lady with the Little Dog* - all of which have made halfway decent films. If on the other hand you want to revive essentially cinematic classics you should do better than dredging up obscurities like *The Broadcasting House Murders* which, half a century later, looks a pretty thin in-joke and in no sense a classic.

Most tenuous of all is the adaptation of a stylised stage play about film people. The recent *Laurel and Hardy*, adapted from his play by Tom McGrath, promised much, not least for Robbie Coltrane and John Sessions in the title-roles. Sure enough, Sessions is a marvel. His trippingly flat-topped mid-Atlantic tones brought out a hitherto unsuspected link between Stan Laurel and Edward Fox. But this was not enough to unclog this joint biography-as-double-act which was crippled without the sight gags. It was trapped, to begin with, in the historical-biographical convention of having characters tell one another what they already knew for the audience's benefit ("your mother's an actress too"), or the unconditional surrender of "Do you remember...?" Lots of whimsical sound effects and period piano accompaniment were no consolation for this creakily mirthless frolic.

Readers of this column might have concluded recently that Radio 4 had the monopoly

of moral debate. Radio 5 Live tends to be overlooked because of what should be its greatest strength, the flexibility that last Wednesday, for example, was able to focus on the tragedy in Dublin at short notice and great length.

Five Live's *The Magazine* has waded into prostitution with great effect. Current reports of Asian vigilantes beating up and robbing tarts in Bradford sparked a comparison between the business as conducted here and in Germany. Bradford sounded frightening; the prostitutes welcome police arrest as a haven from the vicious harassment of young Asians (a recent Radio 4 item maintained that the police abstain from action to avoid racial tension; another story, and even more frightening.) In Doncaster, Clara gets Christmas gifts from ex-punters ("all some of them need is a bit of chat"). In Sheffield Irene looks after her teenage grandson after her daughter's murder after two weeks on the game, hulled into it by a pimp. Irene was educated, articulate and middle-class, which made the subject harder to sweep under the convenient carpet of deprived inner-city squalor. All of them - girls, pub landladies (equally terrorised by vigilantes), local clergy - are in favour of legalising the game.

The advantages were made plain in Mönchengladbach. City and federal laws apply to registered brothels with regular and frequent health checks. Even sex in alley-ways and cars is easier and safer, though here pimps are found. And a new use is suggested for those empty factories, monuments to the "leaner, fitter industry" of the Thatcher era. We visited a disused German factory now transformed into a smart private brothel, rooms rented by the women when they felt like it. No pimps, no extortion, no danger of drug-addicted girls or clients. The case for legality seems overwhelming. Already providing the coolie labour of Europe, Britain can launch a new heritage industry in her dark Satanic mills: one that sums up the new virtues of thrift, private enterprise and self-reliance.

Television/Christopher Dunkley At home with Einstein

Having established that E=mc², Albert Einstein went on to formulate the even more significant general theory of relativity, thereby causing as great a revolution in our thinking about the universe as Copernicus did in the 16th century when he erased the Ptolemaic picture and showed that the earth and planets revolved around the sun. The trouble is that while this is easily recognised by any intelligent person, Einstein's theory is incomprehensible to most. Could this be why *Horizon* has decided to tell us what the furniture was like in Einstein's bedsit, add what an unhappy sex life he had?

It is not that the programmes, *Horizon: Einstein*, to be shown on BBC2 on Sunday and Monday, are poor pieces of work. True, there is one howler when a lake steamer, used to illustrate Einstein's thoughts on the observation of motion, is said to be moving at "five knots an hour," but the general level of professionalism is high. Andrew Sachs, a man whose talents seem ever more impressive (his documentaries about his childhood in Berlin were splendid, and his portrayal of Manuel in *Footnote Henry* legendary) plays Einstein with such total verisimilitude that you cease to notice when you are watching Sachs and when it is archive film. And there are beautiful shots of various European locations as "wallpaper" for the account of Einstein's life.

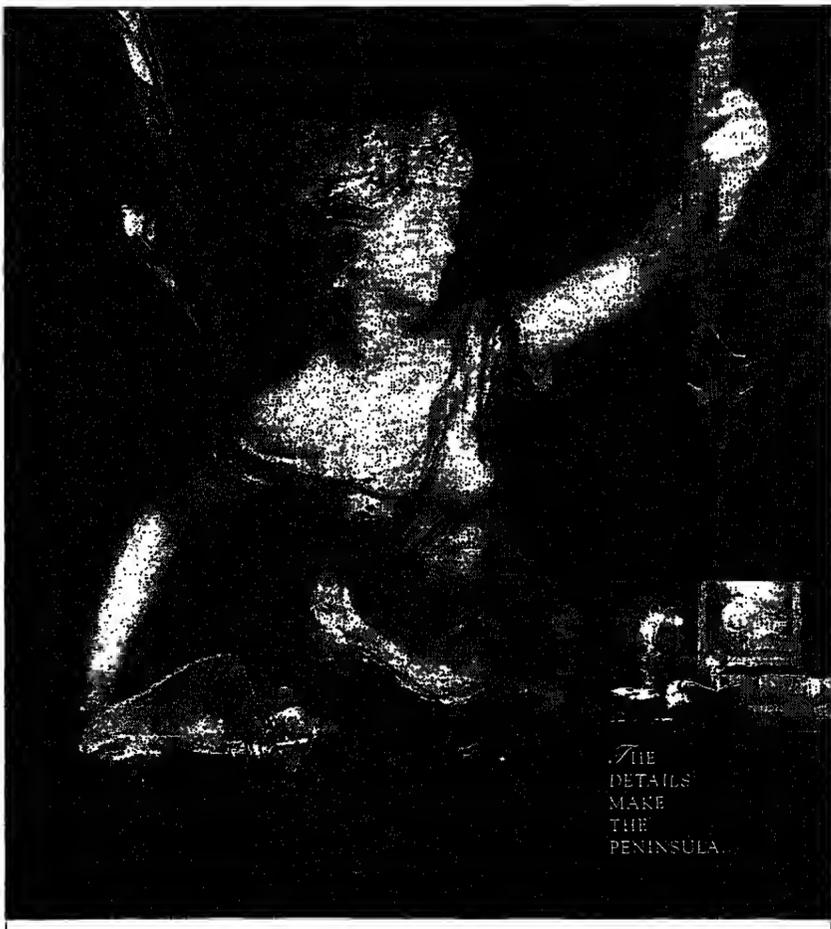
The producers, Peter Jones and Tom Levenson, devote 100 minutes to their subject. The trouble is that too much consists of attempts to show that this was no head-in-the-clouds professor with a one-track mind on the bending of starlight, but a tortured soul with an outrageous social life whose public triumphs have, until now, obscured a catalogue of scandals. There are, indeed, details which have emerged from the love letters and other papers coming to light recently which add incidental interest to what we know about Einstein. The pre-nuptial love affair with Mileva, the illegitimate daughter, the divorce, the marriage to his cousin, and the continued appetite for younger

women, are all interesting - if only for showing what a remarkably ordinary individual Einstein was in many ways.

This material is all presented competently enough, but the point, surely, is that there are plenty of other programmes on television taking this sort of *Woman's Own* attitude to the famous, whereas there is only one *Horizon*. Of course there is no statute requiring *Horizon* to have pie charts, Bunsen burners and scientists in white coats in every programme; the series has used many styles and approaches, up to and including filmed drama. Yet the level at which it has been pitched has scarcely varied. *Horizon* has been admirably consistent in showing that television does not have to talk down to viewers but can cover science in an adult and moderately demanding manner.

There are some attempts here to use television, not for the first time, to illustrate Einstein's theories. The chief danger is in getting carried away by the metaphor and losing sight of the idea. On this occasion the example of two observers, one stationary, one travelling on a train, seeing lightning strike two posts simultaneously, to show that the speed of light is constant but that time is relative, works very well. However, the attempt to illustrate how gravity bends light is less successful: computer-generated pictures of planets hanging in the space-time continuum represented by three dimensional lines of latitude and longitude invariably end up looking like fishing floats hanging in a net.

There are, though, fewer of these attempts to illustrate the science than one would wish, and much more about the woman languishing in the Einstein home. The subtext throughout tries to tell us that the social aspects of his life had a significant effect upon his work. If the evidence were produced to support this, perhaps *Horizon* would be justified in going down this road, but there is not a scrap. It is a pity that greater attention was not paid to one of Einstein's own statements included in Programme 1: "The essence of a man like me lies in what I think, not what I feel". Quite.



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ARTS

It's not all fun at the antique fair

Venues are in jeopardy, vendors are sitting tight and dealers are cutting back, reports Antony Thorncroft

Suddenly there are clouds over the future of two of the most successful antique fairs in the world. Maastricht, which ends tomorrow, could lose its attraction if the Dutch government signs up to the Uni-Droit Convention, which would expunge visiting dealers to spurious claims of ownership to their stock, while in London the Grosvenor House Fair is under pressure following the disappearance of the hotel's friendly owners, the Forte family, after the Granada takeover.

British dealers desperately need such a well established fair. The economy might be improving but little of consumers' surplus is finding its way into works of art. The main drag on sales is the weakness in the housing market: when people start moving again they will buy paintings, furniture, silver, etc, to decorate their new homes. In the meantime all that dealers can do is cut back their buying and rely on fairs to meet potential customers. Vendors are sitting tight, waiting for prices to rise, and there is little of quality appearing on the market. Ironically, if anything of real value comes to auction, it sells well.



General Sir James Dennis with his son by Heinrich Schaeffer on the Askermann stand at the British Antique Dealers' Association fair

Following its prices are modest, its atmosphere homely. In contrast to these general fairs, there are the specialist fairs. Many have failed to establish themselves, but most leading print dealers will gather at the Royal Academy on Thursday for the Original Print Fair, which ends on March 24. With the big buyers of

antiques mainly American, the auction houses are switching more major sales to New York. Now New York is establishing some serious fairs. On March 30 the first International Asian Art Fair opens at the Armories on Park Avenue. Over 50 dealers have taken space and Sotheby's and Christie's are

impressed enough with the event to switch their oriental auctions to coincide with it. Ironically the Asian Fair is presented by the London ceramics dealers Brian and Anna Haughton who already run two successful fairs, of decorative arts and fine art, at the Armories. After a disappointing experience at Harrods they cannot find another worth-

while site in London. Fairs have an important role to play in seeing the antiques trade through difficult times but they are not a long term solution. That lies in the hands of individual dealers: they must find the right objects; price them to appeal to a more selective market; and consider new ways of selling them.

Tuned up in Cleveland

Martin Hoyle finds the orchestra in great shape for its European tour

State and local taxes are 4.3 per cent below the national average. According to Places Rated Almanac, Cleveland Ohio is the 14th best locality to live out of 343 metropolitan areas in North America. It ranks above such perennial favourites as San Francisco and Montreal.

How has a mid-west industrial city, the first American victim of the 1970s recession, managed to fight back so successfully? As the city's bicentennial celebrations loom - and of special interest to British readers, the Cleveland Orchestra prepares for its first London concert for nine years - it is intriguing to see the lessons we are learning in Liverpool and Birmingham, Manchester and Cardiff, already regenerating a recently decaying inner city. Sport and the arts have been the spearhead in raising Cleveland's profile, while the downtown infrastructure has been totally rebuilt.

The dominant source of venture capital between New York and Chicago, the city ranks third among the US's 327 metropolitan areas for new facility and business expansion. A crusading mayor, Michael White, has presided over the rebuilding programme: shops, hotels, new sports stadiums. The Rock and Roll Hall of Fame is a stunning piece of architecture on Lake Erie. The Cleveland Museum of Art is among the most prestigious in America. And of course, there is the orchestra, currently accepted as America's best. Some go further and see it as a rival to Berlin and Vienna.

The Cleveland Orchestra performs at the Royal Festival Hall on Thursday at the start of a two-week tour of European music capitals. Tour repertoire includes works by Brahms, Schoenberg, Ligeti and John Adams. The orchestra will visit Amsterdam, Berlin, Budapest and Vienna, and give three concerts at the Lacerre Easter festival.

Moves afoot in Maastricht

Hybris, the organisers of TEFAP, the European Fine Art Fair in Maastricht, after riding out the recession better than most and starting up an annual art and antique event in Basle last autumn, now has its sights set on the US. For the past 12 months, TEFAP management has been studying the launch of an American fair in 1997.

"A lot of American dealers have been encouraging us to go over there. If the competition of other fairs makes New York less attractive, we may go to any other of the major cities in the US. Maastricht, after all, was not predestined to become a major arts venue", TEFAP general secretary, Leo Lemmens, said last week.

The eighth edition of the original week-long Maastricht fair, meanwhile, running until tomorrow night at its unglamorous venue, an immense hangar beside a motorway, has confirmed its predominant position on the international art market stage. Continuing economic gloom means diffi-

culty in renewing stock, fewer truly spectacular items and too many exhibits one has seen before. But trading was brisk. This year saw the arrival of three leading specialists in primitive and pre-Columbian art, a sector in which this show has always been poor, and the reinforcement of the once-feebly and Dutch-orientated modern art section, thanks to international heavyweights, Gmrynyska, from Cologne, Jan Krugier, of Geneva, and Leonard Hntoo Galleries, from New York.

Newcomers, French and Company, from New York, choosing Maastricht as their first-ever fair, brought outstanding Old Master works, including the melancholy "Brazilian landscape and Fort Hendrick", 1640, by Frans Post

London old book dealer, Sam Fogg, had the finest volume in the fair, which he also plans to show at Grosvenor House - a magnificently illuminated Book of Hours, made in Bruges around 1440, either for the English Royal Family or for a leading peer of the realm. The asking price was £200,000, almost twice what Fogg and fellow dealer Jörn Gantner, from Hamburg, paid for it when the work crumpled up, almost unnoticed, in a Paris auction sale in January.

The primitive art dealers were hunting for German and Dutch customers less affected by economic blues than French or Belgian collectors. On the first evening, Lane and Emile Deletaille, from Brussels, parted with a magnificent Colima ceramic dog from Mexico. Their neighbour, Galerie Mermoz, from Paris, attracted attention with ferocious Zapotec terracotta figures. Art Premier, from Brussels, proposed both top of the price range pieces from West Africa, such as a Hamba stool, from Zaïre, at around £130,000, and Akan gold jewellery and elaborately carved combs from the Ivory Coast, from £600 to £10,000.

Nicholas Powell

clear throughout that they know their stuff but, nevertheless, see no reason to show it the least vestige of respect. On Tuesday evenings, the same triumvirate presents The Complete History of America (Abridged), which features everything from Native American balloon-sculpture to a breakfast film noir rendition of the last 50 years of US history, including Ronald Reagan as a ventriloquist's dummy and the obligatory Vietnam acid-trip sequence. The humour in this show is often more mordant and pointed, touching as it does on land-grabbing and genocide and involving a running Kennedy assassination gag, but the principle is the same: daftness rules, whether it involves explorers Lewis and Clark as a vaudeville double act or the trio escaping from the trenches disguised (anachronistically) as the Andrews Sisters singing a number about military homophobia.

Not all their material works equally well but they move too quickly for their mistakes to catch up with them and their disarming gung-ho commitment makes them and their shows impossible to dislike. I have no doubt that the company's other troupe is currently getting just as many laughs with The Bible - The Complete Word of God (Abridged) in Jerusalem. You could not make it up, but they can.

At the Criterion Theatre, London W1 (0171-839-4488).



Salvador Dalí, Femme étant dessinée par un instrument de musique, signed, pen and brush and indian ink, 28.5 by 12cm, executed circa 1935-37. Estimate: £10,000-15,000.

Theatre/Ian Shuttleworth Irreverent race through the Bard

once as a game of American football (King Lear gets sent off for being fictional). Moreover, for no readily apparent reason, their Troilus and Cressida includes a small clockwork Godzillas.

There is little point in recounting particular gags (although I almost choked at Titus Andronicus and his daughter attempting to exchange high-fives with their stumps); the hilarity derives from the overall atmosphere of

frenzied surrealism and the manic energy with which the three performers throw themselves into their antics. These are men who simply enjoy being silly and are more skilled at it than most. David Letwin is the nearest they can boast to a straight-man, attempting to conduct the chaos with bursts of scholarly gibberish; Matthew Harrickson has the air of an otherwise responsible person who falls to bizarrely-shaped and Dayglo-coloured pieces under the pressure of the show; but the jewel in the RSC's tinsel-and-paste crown remains founder Adam Long.

Long is happy to be the company's cork: always the one who has to wear the skirt, he keeps running off stage to chat-up audience members when he is not pretending to vomit into their laps. His dementia is shown to best effect in the version of Hamlet, which takes up the entire second half, including a sequence in which the audience is called upon to represent the several levels of Ophelia's psyche.

After despatching the play in half an hour, the company then précis it into a couple of minutes, then into 10 seconds, then do it backwards. It is

Royal Festival Hall concert listings for March 16-17, 1996. Includes performances by the Cleveland Orchestra, London International Orchestra, and various chamber ensembles.

The Antiques Fair advertisement, featuring a list of exhibitors and contact information for the Grosvenor Gallery.

Grosvenor Gallery advertisement for Michael Fell's exhibition 'A Taste of Armagnac'.

St. Joseph's Hospice advertisement, providing contact details for donations and services.

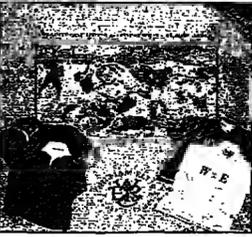
Art Galleries advertisement for the British Antique Dealer's Association Fair and Maggi Hambling's sculpture exhibition.

Sotheby's advertisement for an Impressionist and Modern Art auction on March 20, 1996.

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CHESS

Can Saddam Hussein open 1st? The troubled International Chess Federation (Fide) world championship match sank into confusion last weekend after Kirsan Ilyumzhinov, the president, revealed that the 30-game Karpov v Kamsky series would start in Baghdad on June 1.

Within an hour, a US State Department spokesman derided Fide's statement: "Instead of feeding people, Saddam is going to host a bunch of grandmasters."

Next day Ilyumzhinov, who rules Kalmykia in the Caucasus, claimed that Saddam was "too terrorist, and rather pleasant".

Karpov and Kamsky should have played in 1995, before reuniting the world title with Garry Kasparov's PCA version,

but sponsors were shy, not least because of Kamsky's father who had threatened to kill Nigel Short and alleged that Kasparov had poisoned his son's orange juice.

He plans an annual world championship, but his Baghdad gambit could split the 150-nation Fide. Iceland has already said it will leave if the match goes ahead in Iraq.

No 1119



White mates in two moves, against any defence (by H Jube, 1979).

Solution Page 11

BRIDGE

E.P.C. COTTER

Pat Cotter, long-time bridge correspondent of the Financial Times, and of Country Life, died last weekend aged 91.

Classically educated, he became a schoolmaster at St Paul's school, London, and was a keen sportsman - an expert croquet player and an enthusiastic golfer.

As a bridge player he achieved status and high respect during the years before and after the second world war: he won the coveted Gold Cup in 1988 (going on to represent Great Britain in the International Congress in Oslo) and the Hubert Phillips Bowl in 1953.

In later years he participated only rarely in competitive bridge, although he played rubber bridge in south London clubs very regularly until his death.

His particular interest lay in the rather scholarly and now unobtainable area of "par bridge", in which players win

by achieving precise pre-planned targets in bidding, play and defence.

Until quite recently, he officiated regularly at the annual bridge match between the House of Lords and the House Commons. On one occasion he absent-mindedly left his briefcase behind, taking away instead a Minister's dispatch case full of confidential State documents.

The style of his bridge column, in which he frequently described how a hand had been misplayed before taking the reader through a more reasoned and successful strategy, beginning with the words "now, let us re-play the hand together", was unique for its gentleness and quiet humour.

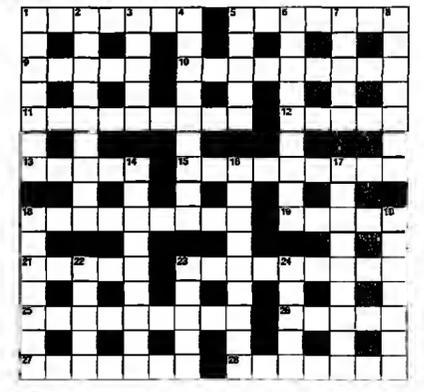
He will be greatly missed by all students of bridge literature.

JOHN WILLIAMS

A funeral service will be held at Parry Vale crematorium, London SW15, on Wednesday at 11.30am.

CROSSWORD

No. 9020 Set by CINEPHILE A prize of a classic Pullman Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of 25 Pullman vouchers. Solutions by Wednesday March 27, marked Crossword 9,020 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 30.



Name: Address:

- ACROSS 1 Apply liberally to the cast? (7) 2 Piece of timber to reserve on account of voyage (8-4) 3 Revolutionary bears a sword (5) 4 Watch and see how long the item will last? (4-3) 5 Some soldiers play cricket, thanks to a celebrity (9) 6 Poet addressing attainment targets? (6) 7 Set to become adult, missing words (5) 8 Sixteenth century air not adapted to the nineteenth century (9) 9 In the cylinder is a weight issue reminder about it (6-3) 10 Break shell to make opening (5) 11 Not a piece of cake when in the air? (5) 12 Peter and Paul involved in the motion impossible (9) 13 King takes a priest to a managerie in Michigan (9) 14 Placed with a degree of brutality? (5) 15 Rutile, queen of spirits: isn't it a muddle? (7) 16 Hangings for a crime accepted by hard-line Tory (7)

Solution 9,019

Grid for the crossword puzzle solution, with letters filled in and some numbers indicating the start of words.

WINNERS 9,020: G. Bennett, Thorpe Willoughby, Yorks J. Flannery, Cheadle Hulme, Cheshire; J. Gedling, Epsom, Surrey; R.I. Hart, Maidhead, Berks; P.A. Kemp, Clayton West, Huddersfield; Mrs P.F. Rolter, Morcombelake, Dorset.



James Morgan

Carling's inspiration for a nation

England's negative reputation is on the turn across Europe, with the help of those royal scandals

This week Will Carling announced that today he will play his last match as captain of the England rugby team. This week, two of Britain's tabloids, in mutually reinforcing exclusive stories, also alleged that his frequently discussed friendship with the Princess of Wales had been somewhat more intimate than had hitherto been suspected.

My interest in this matter has been intense, for Carling once dwelt with his now estranged wife in a home not far from my own. Early in the saga of the Princess and the Carlings, the couple were said to be living in "their £150,000 south-west London home". As the scandalous rumours multiplied, it became a £200,000 home. This week, after the latest allegations, its value was put at £250,000.

There is a lesson here for Britain's beleaguered housing market - that an association with a certain favourable notoriety can in fact bring considerable economic benefit.

There is evidence that Britain's association with its raffish royal family is doing some good. Many exciting features of this country are always in the news around the world and Britain's international standing has in no way been damaged by recent royal events. On the contrary.

Cartoonists have often caricatured England as a moth-eaten lion. The other day this image appeared again in Le Monde. But this time the lion was accompanied by a spavined unicorn: it was the royal family, not the UK, that was satirised. The transferred metaphor works to the nation's advantage.

More evidence of Britain's slowly changing image came in a series in the Frankfurt Allgemeine Zeitung called *Die Sozialisten in Krise*. The first words of the report on Britain said that it "has not been the embodiment of the social state". As a result, the nation was not groaning under the weight of an

Peter Aspden Seven feats for our times



One does not need to be a Eurosceptic to find it disappointing to see the Channel tunnel being named this week as one of the seven modern wonders of the world. It is a considerable engineering feat, to be sure, but ultimately a construction which just makes it easier to nip across the water for a decent three-course meal (and not even a cheap one at that) is unworthy of such an accolade.

The ancient wonders of the world meant much more than that. They ranged from the monolithic (the Great Pyramid of Giza; the Hanging Gardens of Babylon; they contained dramatic scenes of battle and sacrifice (the Mausoleum of Halicarnassus); they blew up the human figure to monstrous proportions (the Colossus of Rhodes). How fitting that all but one of the ancient wonders must be reconstructed in our minds, imagination inspired them; imagination is virtually all that we have left.

Admittedly the latest venture into updating the list is the brainchild of the American Society of Civil Engineers, who are doubtless attracted to things which you and I might find less than captivating. The Itaipu Dam on the Brazil-Paraguay border, for example, is not on many people's must-see list. The Netherlands North Sea Protection Works is pretty important if you are living in those parts and the aridize has been unusually persistent. But does it really inspire wonderment?

Then there is the Empire State Building, admittedly a more romantic choice (for \$4 you can get the

Interview

Man with a mission for a very Labour coup

Joe Rogaly goes looking for the firebrand in Chris Mullin, and finds instead an obsessive searcher of the truth

Chris Mullin earned a moment of fame exactly five years ago this week. On March 14 1991, six Irishmen were released from jail. They were found to have been wrongly convicted on charges of planting bombs in two Birmingham pubs, killing 21 people and injuring 162. Their release followed a long campaign in which Mullin, previously an investigative journalist, today a Labour MP, played a leading part. Granada TV backed his inquiries.

Throughout the years of digging into the case he had to answer suggestions that he was an IRA supporter. "Are you?" "No."

Were there any circumstances in which it was justified to use violence? "Yes, when you don't live in a democracy. If I'd lived in Vietnam I'm sure I'd have supported the Vietcong..."

I looked at him. "...Not because I'm a communist but because I'd have been a nationalist. I'd probably have got put in jail by the Communists in due course." (His wife is Vietnamese.) We explored a little further. Northern Ireland was not a democracy, "no doubt about that", but 60 years of violence had got no one anywhere. Was violence to be condemned? "I'm against putting bombs in public places under all circumstances." We were talking before the IRA's recent bombings.

What about shooting British troops? He was against that, sure. He was also against British soldiers shooting unarmed people in Londonderry. "But don't let's get diverted by this. My interest was never in Ireland, it was about justice... it wasn't even about Irish prisoners"

Chris Mullin: 'My interest was never in Ireland, it was about justice... it wasn't even about Irish prisoners'

lience he offers sparse evidence of malice aforethought. What we are presented with is no revolutionary, but a stubborn individual, an obsessive searcher after truth, an Englishman with a touch of eccentricity, a backbencher with character. He is also anxious for Labour to win. "I voted for Tony Blair in the leadership election because he was the best candidate."

Persistence has served him well. One important achievement per lifetime would do most of us nicely. Mullin believes he has scored two. Both have to do with conspiracies, cover-ups, the behaviour of what he calls the "power structure". The campaign over miscarriages of justice - "which wasn't just the Birmingham Six, there were the Guildford Four" - is one. His novel, *A Very British Coup*, about an Establishment attempt to destabilise a left-led Labour government, is the other.

'In the kind of society we live in, any party that campaigns on the basis of increasing taxes couldn't be elected'

The novel was composed after a conversation on a train back from a Labour party conference in 1981. He and three other Labour delegates discussed what might happen if a radical government led by Tony Benn were elected. Each of the others spoke as if he were sitting, pen poised, over a draft. Mullin went home and wrote the book. It was a success. The film was shown in 30 countries.

Would MJ5 lead such a coup in future? "I don't think that situation exists today. We don't pose the same kind of threat to the established order that we did then. In 1980 there was a real danger that some power was going to change hands."

All the same, he did not think a Labour government would survive unless the "power structure" was changed "to achieve a level playing field". How? "In half-a-dozen ways." One of his speeches clarifies this. "If a Labour government gets its fingertips - and it will only be fingertips - on power, we shall need to take a leaf out of Mrs Thatcher's

book," he said. She had looked to see where her enemies were strongest and "struck with deadly force... deep behind our front line, at trade unions, at public housing and at local government."

One place for a Labour government to strike was the media. "Many of Britain's national and regional newspapers are controlled by 'ruthless megalomaniacs,'" he said in the House of Commons last year. "Now the same people are taking control of our television." Granada TV was "headed by a ruthless profiteer". I asked whether this language got him anywhere?

It did. It got him free lunches with four of the megalomaniacs and a repeat with Gerry Robinson, Granada's profiteer. "The MP, who represents the far from affluent constituency of Sunderland South, says he's picked up the tab for that one himself."

Did the ruthless five succeed in co-opting him? "They made some interesting points, and I have an open mind." He was disturbed that broadcast media could fall into the hands of the people who run Britain's tabloids.

Another way of levelling the political playing field, it seemed, was to reform party funding. "When I raised the subject on the home affairs select committee the Tories went bananas." Originally a proponent of disclosure of sources, Mullin has come round to the use of state funds to finance parties. "If the alternative is the disintegration of the existing political fabric it might be justifiable."

He also advocates a freedom of information act and House of Lords reform, as does his party leader. "What I don't think you can do is set up another chamber with all sorts of complex alternative ways of electing it." Next, the judiciary. "Judges have a very important part to play in a democracy. I'm just anxious that we shouldn't have the judicial wing of the Tory party in charge." Judges should be retired at 65 and recruitment should be more broadly based.

He also seeks the disclosure of freemasonry within public bodies. During his work on the Birmingham Six, "it gradually dawned on me that many in the police, the crown prosecution service and even among journalists... were obviously masons." He might tack a freemasonry clause on to a freedom of information bill put forward by a Labour government.

The object of all his work was to change society "so that we can all live in reasonable harmony... as to how we're going to get there, this is a deeply conservative country... because even though they...leave office...from time to time they leave their friends in charge of most of our commanding heights."

This erstwhile supporter and continuing good friend of Tony Benn retains some of the ideals traditionally associated with socialists. In December's post-Budget debate he praised his party's plans for job creation, but added, unhelpfully for New Labour, that it was not credible to suggest that the cost could be met from growth or borrowing.

"It will...have to come mainly from taxation," he observed. "If you're concerned about the disintegration of the social fabric, you've got to work out how you're going to pay for retraining education or the National Health Service."

And transfers from rich to poor? "I think Labour is certainly committed to a redistribution of wealth." What had been ruled out was "what even I believe are the ludicrously high marginal rates of taxation on income." Surely he was kidding if he was saying that redis-

tribution of wealth was explicit in the party programme? "Certainly nobody's shouting about it... In the kind of society we live in any party that campaigns on the basis of increasing taxes couldn't be elected..."

It is hard to fathom the Mullins psyche. The product of a minor public school, he rejected the chance of becoming a prefect because he did not value it. He read law and ate the necessary dinners but did not become a barrister because he could not bear the people he was mixing with.

When the late John Smith asked him to become Labour's shadow minister for housing, he declined "on the ground that I didn't know anything about it... a lawyer like Tony would be amazed at that". He did not propose to sell his soul "in order to become the junior minister for folding deckchairs".

I pressed him. "There are some politicians whose definition of victory is when they get the jobs. My definition is when something changes for the better." If a Labour

prime minister offered him a post in which he could "make a difference" he would accept. Had he made a difference as an MP? "I guess the criminal justice system has changed as a result of things I was involved in."

It was cruel to harp on the point that the bulk of his work on releasing wrongfully convicted prisoners, not to mention writing his novels, pre-dated his arrival in parliament in 1987. "I joined the Labour party in the late 1960s because I wanted to make the world a better place and had the arrogance to think I might have a contribution to make. That remains my motivation today, though as you say the closer one gets to government the more hopeless it seems."

My guess is that if he does not become chairman of the home affairs select committee or a minister in the Home Office or some such in a Blair government he will call it quits and return to full-time novel-writing. "Not a week passes without the thought flicking through my mind."

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It is simply perverse to pay tribute to uncommonly tall buildings

view that so disturbed Fay Wray and her hairy suitor) but still, well, a building. And not even the tallest in the world. The Panama Canal and the Golden Gate Bridge in San Francisco, too, have a certain exoticism, but let us not be fooled; this is a list all about sturdy walls and useful thoroughfares. It is hardly the stuff of legend.

As we count down the years to the new millennium, it is crucial that we devise a new approach to establishing the wonders of the 20th century. It is simply perverse to pay tribute to uncommonly tall buildings and holes in the ground; we are surrounded by them every day and take them for granted.

So where do we look? The revolutions of our era have been in biological science, telecommunications, the dissemination of information. One could pick any number of icons to reflect these profound changes in the way we lead our lives: the mobile phone, the lap-top computer, the jab of penicillin, a pair of freshly cloned sheep.

But it is all a little soulless. It is an important list, but it reads like a mail-order catalogue. These are also things we have learned to live with, and consequently fail to inspire due wonderment. But how, in an age which changes so fast and so frequently, do we recreate the mythic power of a pyramid?

The answer lies in embracing the very pace of change which we find so intimidating. The modern age has been characterised by impermanence, the ephemeral, the transitory. The 20th century, thanks to the increasing influence of the mass media, has been about moments; moments which are lived publicly, and then remain frozen in our collective consciousness.

They are both fleeting and lasting: think of Neil Armstrong walking on to the moon's surface; the pram tumbling down the Odessa Steps; Elvis Presley thrusting his hips at God-fearing America; the nuclear mushroom, beautiful and hideous, over Hiroshima. These are the things that have had us catch our breath, whether from startled admiration or simple horror. This is where we should look for our wonders.

Clearly our moments must have some lasting impact. They cannot be any old newsworthy incident or we might find ourselves, in a wisp moment, nominating Paula Yates or Will Carling as a wonder of the world, and that would not be right at all. These snapshots of popular history must have the potential to survive longer in our psyches than any civil engineering project.

But it is a contentious business. There is something reassuring about a dam, a bridge, a tunnel. We still get a thrill from making the world safer, more accessible, in the hope that it will behave. These are the wonders of the ancient world, destroyed by fires, earthquakes, looting and religious contrabands. The biggest wonder is that the planet still exists at all.

Andrew Adonis

Lost causes of the lottery

Three cheers for Professor Tim Congdon. Obsessed with numbers and equations, most economists long ago ceased commenting on society around them. Not Congdon, who this week described the National Lottery as little more than a legalised fraud.

This judgment may be over-the-top. But if you think democracy in Britain amounts to a row of beans, stop for a moment and consider how the lottery - the most important social institution created by a British government since the National Health Service - is working in practice.

Congdon claims that the lottery "constitutes disguised taxation, redistributes from the poor to the rich, undermines savings and trivialises the State". Of these statements the first three are incontrovertible. Only the last is debatable, triviality being in the eye of the beholder.

The lottery is backdoor taxation, since nearly half of the proceeds go either directly to the Chancellor of the Exchequer or to five public spending quangos designated by law.

In a marketing masterstroke these quangos have been labelled "good causes". Yet nobody but the government and its appointees has a say over whether the Royal Opera House, the Churchill papers and the Tate Gallery of Modern Art - three of the largest lottery recipients, with £140m between them - are indeed "good causes".

The lottery does redistribute to the rich. Oflot's own research shows that the poorer social groups get a far higher share of their income on the lottery than the richer. Yet the spending on "good causes" largely subsidises middle class culture and recreation.

And Camelot does substantially affect household savings, since only a small proportion of the stake

money - £5bn to date - will ever get back to the punters, except for the tiny handful issued by the long-odds or Jeremy Isaacs, of the Royal Opera House.

The astonishing feature of the lottery is not its success in hoodwinking the Great British Public, for it comes as no surprise that escapism is popular and that the British enjoy a flitter.

Rather, it is the affrontory of the lottery mafia - Camelot, Oflot and ministers, led by lottery cheer-leader Virginia Bottomley - in claiming that black is white.

Addressing the Commons last month, Bottomley "underlined the huge success of the National Lottery" with these figures. Two-thirds of lottery awards are for less than £100,000; 92 per cent are for schemes outside London; and almost 80 per cent are to charitable or voluntary organisations.

A more wilfully misleading picture it would be hard to construct. "Two-thirds of awards are for less than £100,000, reinforcing the community emphasis of lottery funds." In fact, less than 15 per cent of the £1.07bn awarded to "good causes" by mid-February went in grants of less than £100,000. Nearly half of the £1.07bn was consumed by 25 grants of more than £5m apiece.

92 per cent of awards are made to schemes outside London. Entirely spurious, for London has gained the lion's share of the multi-million pound awards just mentioned. A study at the end of last year showed that London and the south-east, with 21 per cent of Britain's population, were receiving 40 per cent of lottery grants by value,

while the north-east, north-west and Midlands combined, with nearly one-third of the population, gained just 15 per cent.

Furthermore, a fifth of the £1.07bn went to just seven London institutions: an opera house, a ballet company, two art galleries, two theatres and Kew Gardens. This "reinforces the community emphasis of lottery funds" if, like me, you live in central London and enjoy ballet, modern art and rare plants.

Almost 80 per cent of awards are to charitable or voluntary organisations. This takes the lie out of it. Almost every artistic, cultural and heritage organisation in the land has charitable status. Yet charities are most people understand them - the Oxfam and RSPCA variety - are only one of five lottery "good causes". They receive barely

5p in each lottery pound. Surprise, surprise, most punters have come to believe that most of their "good causes" money goes to caring charities. According to one survey, the average punter believes that 20p in each lottery pound goes to "charity". A triumph for the lottery mafia.

David Mellor, who as national heritage minister four years ago framed the legislation for the lottery, is revealing on the subject. "Paris was worth a mass and the mass was bringing in the charities," he said recently. "It was never part of the original thinking of the lottery that charities would be beneficiaries." He went on. But fearing the public reputation of the lottery might be "disfigured" by claims that charities were losing out, he brought them in as hit players.

The best media joke comes from Oflot. In response to Congdon it declared: "The public are well aware of precisely what percentage of their money goes where." Because they have all been listening closely to Bottomley, no doubt.

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هكمان الجليل

WEEKEND INVESTOR

Results due next week

Table with columns: Company, Sector, Account date, Dividend due, Dividend (p), Last year interim, Final, This year interim. Lists various companies like APV, Abbot Mead Victoria, etc.

Last week's preliminary results

Table with columns: Company, Sector, Year to date, Pre-tax profit (£000), Earnings per share (p), Dividend per share (p). Lists companies like Allied Radio, Associated Quality, etc.

Directors' dealings

Now that the reporting season has begun, options-related transactions have increased, writes Vivien Macdonald of The Inside Track.

Directors' share transactions in their own companies

Table with columns: Company, Sector, Shares bought, Value (£000), No. of directors. Lists companies like Acom Computer, Alba, etc.

In the Pink

Spare us this action replay of a nation's decline

Britain can learn from economic history as Europe looks towards a single currency, says Brian Reading

Brian Reading is a director of Lombard Street Research. These enfranchised half the adult male population and revised constituency boundaries in favour of towns.

reforms act of 1834 and 1835. Ireland went - 11m acres out of 16m under Irish land legislation, at a cost of £100m to the British taxpayer - along with perhaps two-thirds of the great estates in Wales and half of those in England.

Land was not all. Between the UK was on the gold standard, the outflow put strains on the Bank of England's totally inadequate reserves.

Monetary policy was kept excessively tight, deflating the economy and starving domestic industry of capital.

I have an old computer in a junk cupboard. It still works but hasn't been used for years. I don't know why I kept it.

The same can be said of the hereditary peers whom Labour leader Tony Blair wants to eject from the House of Lords.

The peerage lost most of its wealth and political influence years ago, as shown in David Cannadine's splendid book, 'The Decline and Fall of the British Aristocracy'.

But he does not see, and I had not realised until I read it, what a massive effect this had on the UK and world economies.

In the three decades before the first world war, the UK ran a current account surplus averaging 7 per cent of GDP.

Indeed, it reached 10 per cent in 1914. This surplus made Britain the world's largest capital exporter, at a time when international investment was twice the size it is today.

But, contrary to what I had supposed previously, mooney of Britain by the attractions of higher returns in the then developing countries, the Americas and the British Empire.

The agricultural depression which lost the Lords their veto over Commons legislation in 1911.

European monetary policy would, therefore, be kept depressingly tight. Stagnation would be necessary to produce current account surpluses despite over-valued currencies

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In the 1870s, land and wealth were overwhelmingly in the hands of the aristocracy and landed gentry.

Lessons for today are obvious. Continental Europe's high taxation is driving away capital and industry is hollowing out.

The gold standard no longer exists but Germany would hate to see a single currency, formed by an inner core of European countries, depreciate significantly.

It would want European outsiders to peg their currencies to it, so as to share the pain.

Nor would it welcome a weak euro against the dollar and yen.

European monetary policy would, therefore, be kept depressingly tight. Stagnation would be necessary to produce current account surpluses despite over-valued currencies.

Europe would remain in the doldrums in a booming world economy.

Britain has been through all this before. Let us not go through it again.

The result was wonderful for developing countries but disastrous for the UK. Since

1875 and 1886, the duke of Marlborough sold the family jewels plus an art collection containing masterpieces by Raphael, Van Dyck, Rembrandt, Rubens and Holbein.

Town houses, such as Lancaster House, also went. So did libraries of rare books. Some aristocrats, like Lord Randolph Churchill, even were reduced to marrying rich American heiresses.

The aristocracy was not all reduced to penury, of course; some, including the dukes of Westminster and Devonshire, ended up with larger incomes.

After paying off debts, the aristocrats withdrew funds from low or non-yielding assets and invested in equity and bonds offering superior returns.

Much went overseas, out of the reach of the tax collectors: hence the large capital outflow from the nation late in the 19th century.

Nothing was done to protect British land-owners. They lost their political dominance due to the growth of manufacturing interests and the electoral

reform act of 1834 and 1835. Ireland went - 11m acres out of 16m under Irish land legislation, at a cost of £100m to the British taxpayer - along with perhaps two-thirds of the great estates in Wales and half of those in England.

As Cannadine put it: "The scale of this territorial transfer was rivalled only by two other revolutions in Britain this millennium: the Norman conquest and the dissolution of the monasteries."

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Tiers of joy.

Table with columns: BALANCE, RATES. Shows interest rates for different balance ranges: £500-£9,999 (5.5%), £10,000-£39,999 (6.1%), etc.

Read it and resp. Woolwich Guernsey has consistently offered excellent rates of interest in all these tiers. Last year, in particular, our £500-£9,999 tier offered 5.75% interest, the highest rate of any offshore building society subsidiary. Which, incidentally, made it the industry best buy for 1994.

Woolwich Guernsey. We wipe away the competition's dets.

Dividends are shown net per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. 1st quarterly, 2nd quarterly, 3rd quarterly, 4th quarterly dividend. Corrections to information published March 9 for Bnt. Mohar: Last years interim 1.4p, last years final 7.5p and this years interim 1.4p.

Figures in parentheses are for the corresponding period. Dividends are shown net per share, except where otherwise indicated. £1000 = £1m. * Net asset value per share. † Irish pints and pence. ‡ Comparatives for 15 months. § US dollars and cents. ¶ Comparatives for 12 months. ** Includes FID of 1.25p. †† Includes FID element. ‡‡ Special of 0.5p. ††† Includes special 9-month figures. †††† 15-month figures. ††††† Includes special 4-month figures. †††††† 15-month figures. ††††††† 4-month figures. †††††††† 15-month figures. ††††††††† 4-month figures. †††††††††† 15-month figures. ††††††††††† 4-month figures.

Weekend Investor

Wall Street

London

Will Vinik be vindicated, investors ask

US power puts Footsie down

Where Magellan travels with the big bets on the market, others follow. Maggie Urry reports

Philip Coggan watches two heavyweights at work

Jeff Vinik was a stock market hero a year ago. But now his feet are looking suspiciously like clay. For Vinik is a man who takes big bets on the market. And he has \$55bn to do it with as manager of the Magellan mutual fund, the largest fund in the US and the star in the firmament at Fidelity, America's biggest fund management group.

The Magellan fund's history is long and illustrious. Set up in 1963, it was run by Edward Johnson, who is now chairman of the group which his family controls. In the 1980s it prospered under Peter Lynch, one of the stock market's legendary investors. Its investment approach is "aggressive", according to Fidelity, which warns investors that "the share price may be volatile".

It was a hard act to follow when Vinik took charge in 1992. But for some time he kept up the tradition of outperformance, and of taking decisive, often highly individual, positions. A \$10,000 investment in the fund at the start of 1986 would be worth more than \$50,000 10 years later.

Vinik's prowess is sizeable, for in the investment world those who do not have good ideas of their own can still profit by copying others. It is not just the money he controls which is moving markets, but the funds which attempt to follow his every move.

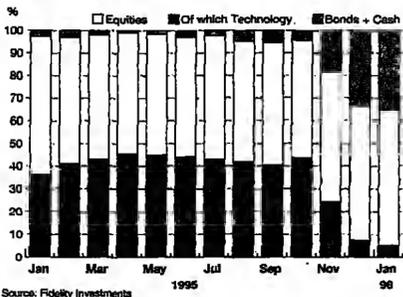
Last year Vinik was flying high with an enormous weighting of the fund's holdings in the technology sector. That served him well up to the end of the summer. But as autumn winds began to blow, a shadow fell over technology stocks. Repeated rumours that Vinik was selling panicked others.

The problem for Vinik copycats is that Fidelity only publishes details of the fund's holdings six weeks late. Thus the year-end positions were not generally known until mid-February. Further, Vinik's skill in trading is such that huge positions can shift without the market getting much idea of what is going on.

So it was not until mid-January that the market knew that Vinik had cut his technology weighting in November. By then he had already cut the holdings again in December.

This week the figures for end January were published, showing technology then accounted for only 5.3 per cent of the fund, about half the weighting

Jeff Vinik's big bet



Source: Fidelity Investments

the sector has in the S&P 500 index. Having bet big on the sector rising last year, he has more than reversed his view to one that expects technology stocks to underperform the market.

But Vinik has placed an even bigger bet on the stock market falling. At the end of January, the money raised from the sales of technology stocks had not been redeployed elsewhere in shares, but rather into bonds and cash.

In spite of recent weakness, the equity market is still comfortably ahead so far this year, while the bond market has fallen sharply. As a result, the Magellan fund has had a miserable start to the year, underperforming the indices and dropping well down the league tables of fund performance.

So has Vinik's day passed? Not yet, it seems. When Fidelity shuffled a number of its portfolio managers this week Vinik remained at Magellan's helm.

Michael Lipper of Lipper Analytical Services, a firm which ranks mutual funds by performance, says that up to March 7, the day before the market's 171-point fall on Friday last week, Magellan's year-to-date performance was near the bottom of the league tables.

But that day's fall helped the Magellan fund up the tables again. Further market weakness would boost Vinik's standing again. In any case, says Lipper, Vinik is still doing well over a longer term view.

Eric Kobren, editor of Fidelity Insight, a newsletter which delves into Fidelity's secrets, says the last few weeks of

underperformance have been an "aberration" and reckons Vinik has increased his equity weighting again, perhaps to 80 per cent of the fund.

Even so, Kobren says, he has downgraded Magellan on his five point scale from 2 to 3, because the higher volatility of the market he expects this year will make it more difficult for Vinik to manoeuvre.

Of course, there is the possibility that Vinik is right. Perhaps the market is set for a tumble and bonds will hold up better than shares.

That does not look likely yet. The bond market has continued to be weighed down by economic statistics showing a stronger than expected economy - like yesterday's industrial production numbers. That has ended bond investors' hopes for a cut in interest rates, and the yield on the long bond rose above 6.75 per cent yesterday.

Equities, although not happy at the changed outlook for interest rates, can at least take comfort from the hope that corporate profits will not weaken as much as feared. Even so, there is a growing expectation that the stock market is beginning the correction which so many have said would be healthy.

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Dow Jones Ind Average

Monday	5581.00 + 110.55
Tuesday	5583.88 + 2.89
Wednesday	5568.72 - 15.17
Thursday	5586.06 + 17.34
Friday	

Could it be an omen for the Frank Bruno-Mike Tyson fight? The UK stock market wobbled this week, managed to stay on its feet, but was then clobbered by the floor yesterday afternoon.

The danger to London, as to Bruno, came from the heavy-weight power of the US. The 171-point fall in the Dow Jones industrial average on March 8 caused some inevitable jitters last weekend. Even though the Dow recovered on Monday, the FT-SE 100 fell by more than 30 points on each of the week's first two trading days, closing on Tuesday at 3,638.5, its low for the year.

For the broader market, Monday was the worst day since the start of 1995; 1,909 stocks fell in price and the number reaching 12-month lows outnumbered those reaching new highs by four to one.

But Footsie's do not follow big Frank's advice to keep ducks' and divins' stabilised on Wednesday and roared back

with a 41-point gain on Thursday. The knockout blow, however, came with yesterday's strong US industrial production numbers. These seemed to confirm the impression of a strong economy last previously by the employment data, and dashed hopes that the Federal Reserve might cut interest rates again.

By the end of the week, after 2½ months of the year, Footsie has lost 44.5 points from its end-1995 level. It all seems a lot of effort for no reward.

The All-Share index has done rather better than Footsie, rising 1.3 per cent by Thursday night. But so far this year, and in spite of the low interest rates available from building societies, small investors will have done almost as well in cash as in shares, and a lot better than in gilts.

It might seem as if the market has been whizzing all over the place but David Schwartz, author of the *Schwartz Stock Market Handbook*, says this is not so. He points out that if

you total the cumulative daily percentage moves, this year has fallen in the bottom third, in terms of volatility, since 1936.

The market is being pulled in opposite directions, making investors cautious about putting new cash into shares. And one of the biggest negative influences on share prices has been the weakness of bonds, particularly gilts. The yield on the benchmark 10-year issue had risen to 8.127 per cent by last night, compared with 7.41 at the start of the year.

Given that inflation is running at only 2.9 per cent, that works out at a real yield of more than 5 per cent. One possibility is that investors are anticipating a rise in future inflation. But inflation is dead... isn't it?

Some are not so sure. They are concerned that broad money supply growth has accelerated to an annual rate of 10.7 per cent, creeping back towards the levels of the 1980s. Prominent monetarist Tim

the modern stock market, which dislikes unpleasant surprises. Analysts' forecasts have been massaged downwards carefully over the past six months, via a series of briefings and explicit profit warnings, to ensure that investors' expectations were realistic.

Take Thursday when BTR, Enterprise Oil, Legal & General, Reckitt & Colman and United Biscuits all reported numbers; each saw its share price rise in response, one of the reasons why the market was so strong that day.

figures from financial companies have been better than those from industrial companies, it is true, but dividends have been stronger than expected. The four-week average of the dividend index, this column's indicator of corporate sentiment, remains well above 50 per cent.

Another bullish factor for the market has been a continued wave of takeover speculation. Old stories, such as a potential bid from Roche, the Swiss pharmaceuticals group, for Zeneca, and from Bass for hotels and gaming group Ladbrokes, were revived. The revelation that Cable & Wireless and British Telecom had held merger talks put the former group into the speculative spotlight.

For the moment, these forces are being outweighed by the negative influences, particularly the US bond and equity markets, just as all Bruno's training might be made redundant by one good punch from Tyson. But bulls, and British boxing fans, live in hope.

Another problem for gilts, which also has affected shares, is the prospect of a Labour government. New Labour might preach fiscal restraint but gilt investors have cynical attitudes and long memories of the inflationary excesses of the 1970s. The primary concern for equity investors probably is not Labour's performance in handling the economy but its plans for employment measures, such as the minimum wage and acceptance of the EU's Social Chapter, which might hit corporate profits.

It seems likely the Conservative government will manage to hang on until next year but, with its majority down to two (and a by-election looming), the market will have plenty of chances to be nervous during the rest of 1996.

On the positive side, corporate profits continue to grow, as a bumper crop of figures illustrated once again this week. The results season has, to date, been free of any nasty shocks. This is due partly to the robust nature of the corporate sector, which has continued to pay close attention to controlling costs, and partly to

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FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Guinness Flight, Guinness Mahon, and Guinness Venture Capital Trust, including their names, managers, and performance data.

Guide to pricing of Authorised Unit Trusts. Includes sections on Initial Charge, Selling Price, Treatment of Managers' Fees, and Exit Charge.

Guinness Flight advertisement. Features the headline 'An Exciting Opportunity. Attractive Tax Breaks. Only 10 Days Left.' and details about the Guinness Flight Venture Capital Trust, including contact information and a coupon form.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4973 for more details.

Main table containing various fund categories: Norwich Union Trust Management, Royal Bank of Scotland, Scottish Widows, The City Trust, Local Authorities Property Fund, Black Horse Life Assurance, Commercial Union Group, and many others. Each entry includes fund name, manager, and performance metrics.

INSURANCES

Table listing insurance companies and their financial data, including names like AIG, Allianz, and others.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts and their performance data.

PROPERTY UNIT TRUSTS

Table listing property unit trusts and their performance data.

Life Assurance

Table listing life assurance policies and their details.

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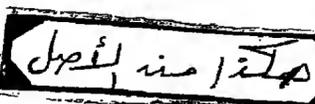
Table listing life assurance policies and their details.

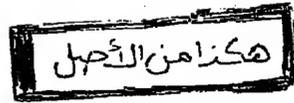
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FT MANAGED FUNDS SERVICE

Main table containing various fund names, categories, and prices. Includes sections for 'Money Market Trust Funds', 'Money Market Bank Accounts', and 'MANAGEMENT SERVICES'.

EUROPE'S MOST RESPECTED COMPANIES. Europe's Most Respected Companies is the FT survey based on a questionnaire sent by Price Waterhouse to 1,000 senior executives in 18 European countries last year. Covering 22 sectors, the questionnaire asked them to rank the companies they most respected in their country, their sector and the whole of Europe. The newspaper survey is now available in 16 page booklet form priced £5. UK cheques only should be made payable to The Financial Times Ltd, or send your full name details including expiry date of your Visa, Amex or Mastercard to: Room 306, Financial Times, Southwark Bridge, London SE1 9HL or fax: 0171-873 3072.

MANAGEMENT SERVICES

Table listing various management services, including Capital Trust Management, J. Ward Financial Services, and other financial products with their respective prices and details.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds with columns for Fund Name, Price, and Change.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds with columns for Fund Name, Price, and Change.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds with columns for Fund Name, Price, and Change.

ROYAL BK OF CANADA QF Fd Mgrs Ltd - Contd.

Table listing Royal Bank of Canada QF Fd Mgrs Ltd funds.

GUERNSEY (REGULATED)**

Table listing Guernsey (Regulated) funds with columns for Fund Name, Price, and Change.

Chemical Indent Fund Administrators Ltd

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ISLE OF MAN (REGULATED)**

Table listing Isle of Man (Regulated) funds with columns for Fund Name, Price, and Change.

Ashburton Global Funds Ltd (1200)

Table listing Ashburton Global Funds Ltd funds.

JERSEY (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds with columns for Fund Name, Price, and Change.

John Gove Management - Contd.

Table listing John Gove Management funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds with columns for Fund Name, Price, and Change.

Bank of Scotland Fund Managers (Jersey) Ltd

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Bank of Ireland Fund Managers (Jersey) Ltd

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April 1996

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FT MANAGED FUNDS SERVICE

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Main table containing various fund listings with columns for fund name, price, and other details. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES
Fund prices are given in pence and are subject to change without notice. The regulatory authorities for these funds are the Financial Services Authority (FSA) and the Securities and Investments Board (SIB).

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (AM/PM 15/US\$)

Table of US stock market data including S&P 500, Dow Jones, and various sector indices with columns for date, high, low, and change.

EUROPE

AMSTERDAM (Mar 15 / Gld)

Table of European stock market data for Amsterdam, including indices like AEX and various sector indices.

BRUSSELS (Mar 15 / Gld)

Table of European stock market data for Brussels, including indices like C20 and various sector indices.

FRANKFURT (Mar 15 / Gld)

Table of European stock market data for Frankfurt, including indices like DAX and various sector indices.

EUROPE

PARIS (Mar 15 / Frs)

Table of European stock market data for Paris, including indices like CAC 40 and various sector indices.

LONDON (Mar 15 / Stp)

Table of European stock market data for London, including indices like FTSE 100 and various sector indices.

BERLIN (Mar 15 / Gld)

Table of European stock market data for Berlin, including indices like DAX and various sector indices.

EUROPE

VIENNA (Mar 15 / S)

Table of European stock market data for Vienna, including indices like VSE and various sector indices.

ZURICH (Mar 15 / Sfr)

Table of European stock market data for Zurich, including indices like SMI and various sector indices.

STOCKHOLM (Mar 15 / Kron)

Table of European stock market data for Stockholm, including indices like OMX and various sector indices.

EUROPE

OSLO (Mar 15 / Kron)

Table of European stock market data for Oslo, including indices like OBX and various sector indices.

HELSINKI (Mar 15 / Mark)

Table of European stock market data for Helsinki, including indices like HELEX and various sector indices.

ATHENS (Mar 15 / Dr)

Table of European stock market data for Athens, including indices like ASE and various sector indices.

Advertisement for Rockwell, featuring the text 'Rockwell, builder of the space shuttle, also makes the majority of the fax and data modems in the world' and the Rockwell logo.

INDICES

Table of global stock indices including Argentina, Australia, Brazil, Canada, Denmark, France, Germany, Hong Kong, India, Japan, Korea, Malaysia, Mexico, New Zealand, Norway, Philippines, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, USA, and World.

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Table of global stock indices including Japan, Korea, Malaysia, Mexico, New Zealand, Norway, Philippines, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, USA, and World.

US INDICES

Table of US stock market indices including Dow Jones, S&P 500, and various sector indices.

AFRICA

Table of African stock market data including South Africa and various sector indices.

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INDEX FUTURES

Table of index futures data for S&P 500, Dow Jones, and other major indices.

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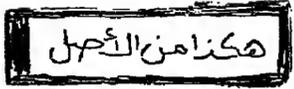
AFRICA

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AMERICA

Dow erratic while tech stocks rebound

US shares were mixed in heavy trading yesterday as technology stocks continued to rebound from recent weakness...

Volume on the NYSE came to 347m shares. Bonds were weaker as further indications emerged that economic activity was picking up...

Micron added 3 1/2% at \$49.50. Micron added 3 1/2% or 10 per cent at \$31 after it reported operating earnings of 96 cents a share...

Among the main movers, Telcel domestic shares were down nearly 1 per cent by mid-session. Sao Paulo was weaker at mid-session with little corporate news to stimulate interest...

profit-taking following large gains in the index earlier in the week. Among the main movers, Telcel domestic shares were down nearly 1 per cent by mid-session...

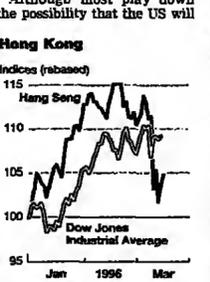
No room for the faint-hearted in Hong Kong

But John Ridding finds some grounds for optimism

Even by its own volatile standards Hong Kong's Hang Seng index has been having a turbulent time. This week it suffered one of its worst falls since the 1997 crash...

cut in rates have probably been vanquished, says Mrs Pauline Gately, regional equity strategist at Merrill Lynch. "But it is really a question of timing rather than of the magnitude of expected monetary easing..."

rise by about 5 per cent this year, compared with last year's 4.5 per cent, and that momentum would gather from the second half. Signs of revival are already evident in the property market...



EUROPE

Hoechst, Asko sparkle as Frankfurt shines

Chemical industry restructuring prospects and reaction to the Metro/Asko/Kaufhof merger coincided with the expiry of DTB futures and options contracts as FRANKFURT outpaced a generally dull Europe...

Table with columns: FT-SE Actuaries Share Indices, Date, Index Value, Change. Includes FT-SE 100, FT-SE 200, and various industry indices.

PARIS was broadly lower but Crédit Local de France climbed 12.03 to FF412 on talks about a cooperation agreement with Crédit Commercial de Belgique...

Olivetti, under severe pressure in recent sessions, picked up 1.19 to L70.9 while Cir, Mr Carlo De Benedetti's holding company, rebounded 1.17 to 200.2...

Written and edited by William Cochrane, Michael Morgan and John Pitt

Turnover came to DM85bn, against recent figures of DM10bn or under. However, analysts had no worries about technical distortions as Hoechst rose DM30.30, or 6.4 per cent, to DM603.80...

Mr Harry Christopoulos at EZW in Frankfurt, it was clear that Asko, despite its chequered history, had got the best of the deal.

ZURICH ran into profit-taking which left the SMI index down 17.3 at 3,561.1, but still 0.3 per cent higher over the week. Uncertainties over the future for interest rates put pressure on financials...

Jobannesburg was mixed in active, futures related trade, with golds retracing early gains and industrials finishing steady. The overall index was 49.9 higher at 6,843.2...

On this score, however, most analysts are stirred rather than shaken. "Hopes of a rapid reversion to the 1997 level are still high."

ASIA PACIFIC

Nikkei up, Chinese assurance lifts region

Buy-backs of bank stocks ahead of the fiscal year-end helped the Nikkei average regain the 20,000 level for the first time in five trading days...

China's assurance to the US that it did not intend to attack Taiwan left TAIPEI sharply higher for the third consecutive session. The weighted index added 84.66, or 1.7 per cent, to 4,936.31...

SINGAPORE liked the results from Cycle & Carriage, which rose S\$1, or 8.8 per cent, to S\$15.70 as the Straits Times Industrial Index ended 37.73 higher at 2,977.51...

SEUL saw a recovery in Samsung Electronics, Won2,500 higher at Won86,500 after its recent plunge on dim prospects for the semiconductor industry...

On this score, however, most analysts are stirred rather than shaken. "Hopes of a rapid reversion to the 1997 level are still high."

Volume rose from 369.3m shares to an estimated 400m. Short covering in futures prompted arbitrage buying, while foreign investors covered short positions in banks and high-tech stocks...

Green Cross, the blood products maker, rose Y5 to Y576 in spite of a warning by its president that it would remain in the red for the next several years...

WELLINGTON ended on its highs for the day after an Asian consortium bought 20 per cent of Brerley Investments, freeing some NZ\$980m in investment funds...

On this score, however, most analysts are stirred rather than shaken. "Hopes of a rapid reversion to the 1997 level are still high."

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FT/S&P ACTUARIES WORLD INDICES

Large table showing FT/S&P Actuaries World Indices for various countries and regions, including Australia, Europe, Japan, and the USA. Columns include index value, change, and percentage change.

LONDON EQUITIES

Table of RISES AND FALLS for London equities, listing various funds and their performance.

Table of TRADITIONAL OPTIONS, listing first and last dealings for various options.

Table of LONDON RECENT ISSUES: EQUITIES, listing various equity issues and their details.

Table of RIGHTS OFFERS, listing various rights offers and their details.

Table of FINANCIAL TIMES EQUITY INDICES, listing various equity indices and their performance.

Table of FT GOLD MINES INDEX, listing various gold mines and their performance.

Advertisement for Les Echos newspaper, featuring the logo and contact information.

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T strategy

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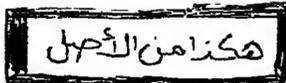
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LONDON STOCK EXCHANGE



MARKET REPORT

Equities slip after worrying US economic data

By Steve Thompson, UK Stock Market Editor

All the ingredients for another volatile global trading session were in place yesterday afternoon. It was a Friday, there was a series of monthly futures and options expiries across Europe and in the US, and markets were bracing themselves for crucial economic numbers from the US.

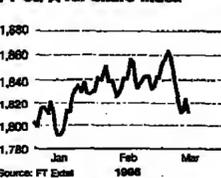
In New York, Treasury bonds fell over a point early in the session, driving stock prices lower and producing a sharp sell-off in Europe. In London, the June FT-SE future fell to a record 50-point discount to the cash market.

A big sell-off after the startling increase in new jobs in the US announced last Friday, the Footsie showed a 65.5 decline. The FT-SE Mid 250, always resilient, gave up 35.5 over the same period. Dealers attributed the steeper fall in the leaders to much higher liquidity in the FT-SE 100.

With the expiries out of the way, there was no evidence of a rally in the leaders and share prices began to falter again just ahead of the US economic news and the opening on Wall Street.

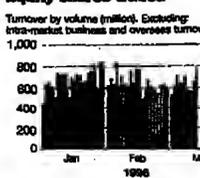
A 1.2 per cent increase in industrial output in the US was well ahead of the consensus forecast and re-ignited fears that the economy was picking up more quickly than most observers thought. The inflation news, on the other hand, caused no problems to the market.

FT-SE-A All-Share Index



Indices and ratios table with columns for Index Name, Value, and Change. Includes FT-SE Mid 250, FT-SE-A 350, FT-SE-A All-Share, etc.

Equity shares traded



FT-SE 100 Index table with columns for Index Name, Value, and Change. Includes Closing index for Mar 15, Change over week, etc.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for various stocks including ASDA Group, Abbey National, Allied Domestics, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table showing stock index futures and options trading data for FT-SE 100, FT-SE Mid 250, and FT-SE 100 Index Options.

Steel up on US buying

British Steel bounded to the top of the Footsie performance charts as a combination of a stock shortage and strong US buying rounded off a scorching day for the shares which have put on 8 per cent in five days.

NEW 52 WEEK HIGHS AND LOWS

Table listing 52-week highs and lows for various stocks such as NEW HORIZON, ALCOHOLIC BEVERAGES, etc.

Steel up on US buying

British Steel bounded to the top of the Footsie performance charts as a combination of a stock shortage and strong US buying rounded off a scorching day for the shares which have put on 8 per cent in five days.

CHIEF PRICE CHANGES YESTERDAY

Table showing price changes for various companies like Aspen Comms, Brandon Hire, Central Motor, etc.

FT-SE Actuaries Share Indices

Table showing FT-SE Actuaries Share Indices for various sectors like FT-SE 100, FT-SE Mid 250, etc.

The UK Series

Table showing UK Series data for various economic indicators like Labour & Home, Retail, etc.

BAT under pressure

Hard hit tobacco and insurance conglomerate BAT Insurance fell to its lowest level since August last year.

IN INDONESIA WE PROTECT THE RAINFOREST WITH FISH.

WWF is a registered charity in the UK and is a member of the Rainforest Foundation Fund. We are currently raising funds to help protect the rainforest in Indonesia.

FT-SE Actuaries All-Share

Table showing FT-SE Actuaries All-Share index data for various sectors like 18 GENERAL EXTRACTIVES, 19 OIL & GAS, etc.

Hourly movements

Table showing hourly movements for FT-SE 100, FT-SE Mid 250, FT-SE-A 350, etc.

FT-SE Actuaries 350 Industry baskets

Table showing FT-SE Actuaries 350 Industry baskets for various sectors like Big & Crispen, Pharmaceuticals, etc.

OFEX FACILITY

Table showing OFEX Facility details for various companies like Activist PLC, Advanced Media, etc.

Hourly movements

Table showing hourly movements for FT-SE 100, FT-SE Mid 250, FT-SE-A 350, etc.

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INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Change.

AIM - Cont.

Table listing AIM companies with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

OIL INTEGRATED

Table listing oil integrated companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AIM

Table listing AIM companies with columns for Name, Price, and % Change.

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TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Change.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Change.

MEDIA

Table listing media companies with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service shared by FT Equity, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE All-Share Index.

LEISURE & HOTELS

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Biggest monthly output gain for eight years Rise in US production adds to recovery signs

By Michael Prosser
in Washington

US industrial production showed its largest monthly gain in eight years last month, providing further evidence that the economy is gaining momentum.

The Federal Reserve yesterday said production rose 1.3 per cent after a revised decline of 0.4 per cent in January, when activity was depressed by cold weather. Most analysts had expected an increase of about 0.9 per cent.

Figures from the labour department indicated the pick-up in growth, so far is putting little upward pressure on prices.

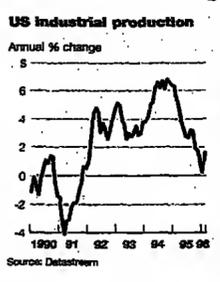
The consumer price index rose 0.2 per cent last month and by 2.7 per cent on an annual basis - in line with expectations. Core consumer prices - which exclude the volatile components of food and energy - also rose 0.2 per cent.

Separate data from the University of Michigan showed an unexpectedly sharp rise in its index of consumer sentiment early this month to 96.7 from 88.7 in February, suggesting the economy is continuing to gain momentum.

Bond and share prices fell modestly in early trading as the confirmation of economic recovery was seen as ruling out a cut in short-term interest rates at the Federal Reserve's policy meeting on March 26 - and perhaps at subsequent meetings.

"The Fed has the economy where it wants it," said Mr David Jones, chief economist at Aulrey G Lanston, a New York stockbroker. "It is likely to keep policy unchanged until the election."

The jump in production was less of a shock than last week's



report of a 705,000 increase in jobs in February as the output numbers are partly based on data on hours worked contained in the employment report.

The Fed said the production gain was partly a rebound from disruptions caused by severe weather. A recovery in aircraft production after the strike at Boeing last year accounted for nearly a third of the total rise in output since December.

But there were production gains in nearly all industrial sectors. Output of consumer goods, business equipment and construction supplies were up 1.2 per cent, 1.9 per cent and 2.3 per cent respectively from January. Overall production was 1.6 per cent higher than February last year.

The rate of industrial capacity utilisation also rose sharply to 82.9 per cent from 82.1 per cent in January. But fears that higher operating rates would put upward pressure on inflation were muted because reports this week showed a fall in producer prices last month.

French sound out moves to turn down Walkmans

By Andrew Jack in Paris

French authorities, who largely expunged the word Walkman from general parlance in favour of the more melodious and francophone *baladeur*, are now concerned that personal stereos assault the ears of their compatriots in a more serious way.

Deputies in the National Assembly have voted to ban the sale of any personal stereo with a peak output above 100 decibels. They also demanded that in future the units be sold with a non-detachable "health warning" that prolonged listening at high volumes could permanently damage the ears.

Thursday night's move is likely to be welcomed by medical experts long concerned about the effects on young people's hearing, as well as users of public transport fed-up with sharing their neighbours' musical tastes.

It is far from certain whether the new legislation will become law. Previous attempts with similar proposals have failed, and the legislation has yet to be debated in the French senate.

However, it presents a fresh difficulty for Sony of Japan, manufacturer of Walkmans, in a week when an inventor has started a campaign in the British courts claiming the concept was originally his idea.

The draft legislation was proposed by two deputies - a doctor, Professor Jean-Francois Mattel, and Mr Jean Pierre Cave, who claims long-term hearing damage can occur at above 100 decibels and in a few minutes it could prove irreversible at 126 decibels, which is the top level for the stereos sold in France.

According to FNAC, a leading retailer, most personal stereos sold in France have an output of 113 decibels but some can produce 126 decibels. Some estimates suggest 20 per cent of 18-year-olds now suffer hearing damage in France, compared with 9 per cent just nine years ago.

Sony in France described the draft legislation as "a non-event", stressing they already sell Walkmans in France with an option limiting output to 100 decibels.

Simavelle, the French audio visual electronic equipment manufacturers' association, was more critical. It stressed that personal stereos produced in France already met European Union standards, and that an additional national requirement would confuse the situation.

It also maintained that much of the problem of damage to hearing caused by stereos was the result of negligence or ignorance by customers attempting to buy earphones which were not designed to accompany the stereo sets. Played for reasonable durations, the stereo sets were not dangerous, the association added.

According to sales figures for France, 2m personal stereos were sold in the country last year.

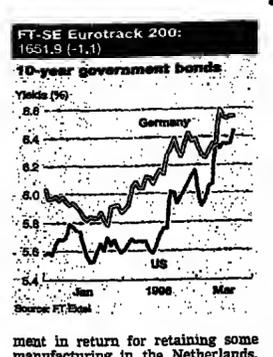
BT's Italian job

THE LEX COLUMN

The breakdown of BT's merger talks with Cable and Wireless earlier this month has not derailed the group's ambitious international strategy. If it does clinch a deal with Mr Silvio Berlusconi, it will be placing a big bet on the Italian telecoms market. On the face of it, Italy looks attractive; relatively high telecoms tariffs mean there should be plenty of scope to undercut state-owned Telecom Italia once the market is liberalised.

Choosing Mr Berlusconi as a potential partner also has advantages. His dominance of the Italian television market would allow the venture to offer pay-TV and telephone services to consumers as a package. That could be a unique selling point compared with both Telecom Italia and other new entrants such as Olivetti. That said, an alliance with Mr Berlusconi would be risky. Not only is he on trial for allegedly bribing tax police; if he fails to win next month's general election, an association with him could be positively disadvantageous.

A deal with Mr Berlusconi would also leave BT in the awkward position of having one foot in each of the two camps jockeying to dominate European pay-TV. One camp seems to be forming around Mr Berlusconi, Germany's Kirch group and Richemont, the Swiss-based company controlled by the Rupert family. The rival camp consists of Mr Rupert Murdoch's BSkyB, Germany's Bertelsmann and France's Canal Plus. BT is already associated with Mr Murdoch as a result of its stake in MCI, the US telecom group which is the second largest shareholder in his News Corporation. If BT now cuts a deal with Mr Berlusconi, it is likely to become embroiled in Machiavellian corporate machinations.



of Michigan survey of consumer sentiment. The latest sell-off suggests that the market's bear tack will be hard to break without convincing evidence that renewed concerns about inflation have been overdone.

US bond weakness has been reinforced by a lack of support from foreign investors, including the Japanese, who are repatriating funds ahead of their financial year-end. The real surprise is that German bond yields have not managed to push below US bond yields, despite the continuing scope for rate cuts in Germany. This is partly because German bond investors are worried about being repaid in euros, after monetary union. Given the determined bearishness of the US market, though, the US/German yield differential, which has already been virtually erased in recent weeks, should soon be reversed.

Talks fail to save Fokker

Continued from Page 1

van Bers, a union official, criticised the government and Dutch banks for not being prepared to finance a proposed attempt to give Fokker a "stand-alone" future for a couple more years while it searched for an industrial partner.

In January, Fokker's future was plunged into doubt after Dasa, its controlling shareholder since 1993, cut off further financial support. Dasa is Fokker's single biggest creditor with a claim of about \$1.18bn (\$785m).

Bond holders may lose up to \$1.6bn. Fokker's shares, listed on the Amsterdam stock exchange, are considered worthless.

Japan's industrial output flat after household debt rise

By William Dawkins in Tokyo

The weakness of Japan's economic recovery was underlined yesterday by official data showing a sharp rise in household debt last year and stagnant industrial output in January.

The average salaried worker's household borrowed \$1.4 per cent more in 1995 than the previous year, the third year it has risen by more than 10 per cent, the government's Management and Co-ordination Agency said.

Nearly all of those loans - 98 per cent - were taken out to buy property rather than consumer goods, said the agency. The average household had \$12.6m (\$120,000) savings - a record high - and \$4.5m of borrowings by the end of last year.

Japan's salaried workers preferred to save rather than spend most of their spare cash. Their average savings last year rose by 2.2 per cent, faster than the 1.6 per cent average rise in income.

Savings had dropped in 1994 for the first time in three decades, holding out hopes for a recovery in consumer spending, but this has yet to gain impetus.

Lack of consumer demand is believed by economists in Tokyo to be a factor in weaker than expected industrial production figures announced yesterday.

The Ministry of International

Trade and Industry (MITI) reduced its January production estimate to zero, from 0.5 per cent month-on-month growth in a preliminary statement two weeks ago.

It said corporate shipments fell 0.9 per cent in January, instead of 0.7 per cent as earlier estimated, while stocks of unsold goods and materials rose by 0.8 per cent instead of the preliminary 0.6 per cent increase.

MITI did not change its forecast that industrial output would rise by 1.5 per cent in February and then fall back sharply by 5.3 per cent in March, as companies sought to trim stocks after over-producing early in the year.

The forecast decline would eliminate four months of output increase and bring production volumes back to the level of last September. For the first quarter to March, MITI expects a marginal 0.2 per cent rise in output compared with the previous quarter.

MITI's output revision came as the Economic Planning Agency's latest monthly report, which is closely watched by the markets, gave a lukewarm account of the economy's state of health.

The economy was showing gradual signs of recovery, said the EPA. Mr Shusei Tanaka, the agency's director general, said the economy was at a "delicate juncture".

BT venture

Continued from Page 1

via his new venture with Germany's Bertelsmann and France's Canal Plus.

BT has a large stake in MCI, the US telecom group, which in turn is News Corporation's largest shareholder after the Murdoch family. But BT believes the opportunity of breaking into the Italian telecoms market is sufficiently great to offset the risks.

If the deal is concluded, it will mark a further step in BT's strategy of building a presence in continental Europe. Mr Fedele Confalonieri, chairman of Fininvest, said "negotiations [with BT] were proceeding very well".

Fokker

Fokker's bankruptcy is not necessarily the end of its story. Potential bidders, like Samsung of South Korea or Canada's Bombardier, were never likely to buy the ailing Dutch aircraft maker as a going concern. That would have meant taking on a good chunk of its financial liabilities, its leasing book and its workforce. Now Fokker is in receivership, a rival may be able to pick up its design licences and tools for next to nothing. These could then be transferred out of the high-cost Netherlands to a cheaper assembly line. If a buyer moved quickly enough, it might even hang on to much of Fokker's order book, which stood at more than 70 aircraft in December.

Alternatively, a bidder could negotiate subsidies from the Dutch govern-

US markets

The downward slide in bonds and equities after the latest crop of US economic data reveals as much about the strength of bearish feeling in the financial markets as about the strength of the US economy. Following the previous week's surge in jobs, the market was hoping for some proof that the economy was still struggling, and thus that more interest rate cuts could be on the way.

The inflation numbers did look benign: producer prices fell in February, and consumer prices were just 0.2 per cent higher. Moreover, commodity prices, seen as an indicator of inflation moving into the system, were soft. But that was not enough to provide any comfort for the markets, which focused instead on data showing higher-than-expected industrial production and a jump in the University

GEC/Lucas

It is a shame Mr George Simpson does not have a twin brother. Both Lucas and GEC need a far-sighted manager. GEC faces important strategic issues. The European defence industry is consolidating and GEC must decide whether it prefers horizontal integration, such as a link with French electronics group Thomson-CSF, to a vertical move like a takeover of British Aerospace. The GPT telecoms joint venture with Siemens looks too small to survive on its own, while GEC-Alsthom power engineering would probably gain from being spun off. GEC's "tail" of smaller manufacturing businesses should probably be sold or demerged. And after three decades under Lord Weinstock, the group needs a shake-up in its culture. For GEC shareholders, Mr Simpson's arrival - even if it might be delayed until October - comes at just the right time.

At Lucas, however, his job looks only half done. He has some way to improve productivity and focus. But progress has been held back by sluggish car markets, litigation in the US and cultural inertia. More importantly, Lucas still looks weak in electronic trading, one of its core businesses. The group is also too small in an industry increasingly dominated by global suppliers. If Mr Simpson really wants to complete an "orderly transition" at Lucas, he could solve some of its problems with a big deal. A merger with France's Valeo, where Mr Carlo De Benedetti's controlling stake is up for sale, would give it scale. It would even bring a replacement chief executive in the shape of Valeo's highly-regarded Mr Noel Goutard.

Europe today

Western Europe will be mild this weekend, with afternoon temperatures of around 9C in the Benelux and western Germany. France will have temperatures above 10C and parts of southern Europe will exceed 15C. The eastern Mediterranean will still have maximum temperatures above 20C. Elsewhere there will be little change. Russia will remain sunny and dry. Cloud will decrease in the east and north of the continent. The Benelux and Germany will have sunny periods.

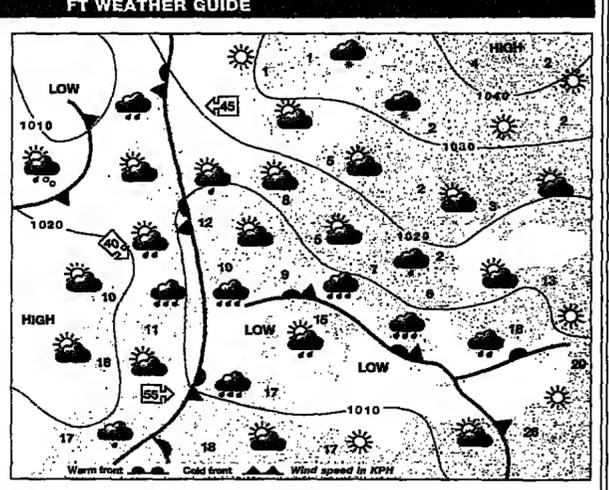
No improvement is expected in the UK and southern Europe. Disturbances will bring cloud and rain to the Pyrenees, Italy, the Balkan states and Greece. Northern Spain will have showers.

Five-day forecast

After the weekend easterly winds will bring slightly cooler conditions to the north of the continent where cloud will yield to increasing sun.

The UK will be rather cloudy with periods of rain until early next week when skies will clear.

Disturbances will cross the Mediterranean from southern France and Spain towards Turkey, bringing heavy cloud and showers.



TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	sun 23	Beijing	fair 13	Caracas	fair 29	Fero	fair 15
Accra	sun 23	Belfast	rain 5	Casablanca	show 14	Frankfurt	drizz 10
Algiers	show 16	Berlin	fair 7	Chicago	fair 9	Geneva	drizz 10
Amsterdam	rain 10	Bombay	cloudy 22	Cologne	fair 9	Gibraltar	fair 17
Athens	rain 15	Buenos Aires	cloudy 19	Dakar	fair 22	Hamburg	cloudy 10
Bahia	fair 22	Calcutta	fair 34	Dallas	cloudy 24	Helsinki	snow 24
B. Aires	fair 30	Cardenas	fair 9	Dubai	sun 23	Hong Kong	cloudy 22
Bangkok	sun 36	Cairo	sun 31	Dublin	rain 7	Honolulu	fair 28
Barcelona	show 14	Cape Town	sun 26	Edinburgh	rain 7	Isle of Man	cloudy 11
						Jakarta	rain 14
						Jersey	rain 7
						Karachi	show 27
						Kuala Lumpur	sun 22
						L. Angeles	fair 22
						Las Palmas	fair 22
						Lima	cloudy 28
						London	drizz 6
						Luxembourg	fair 15
						Madrid	fair 11
						Manila	fair 28
						Melbourne	show 18
						Mexico City	sun 28
						Miami	fair 27
						Montreal	fair 2
						Moscow	sun 4
						Mumbai	sun 6
						Nairobi	fair 15
						Osaka	fair 16
						Paris	fair 14
						Rangoon	sun 32
						Rio	sun 31
						Rome	show 18
						Sao Paulo	sun 24
						Seoul	rain 18
						Singapore	sun 32
						Sydney	sun 30
						Taipei	sun 24
						Tel Aviv	sun 28
						Tokyo	fair 15
						Toronto	fair 8
						Vancouver	rain 14
						Vladivostok	rain 12
						Warsaw	cloudy 8
						Wellington	sun 12
						Winnipeg	rain 14
						Zurich	fair 8

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